
**SUPPLEMENTARY
INFORMATION
(UNAUDITED)**

Governmental Funds

Governmental funds include the General Fund, several special revenue funds, a Capital Projects Fund, and two permanent funds. The State does not use debt service funds because it does not accumulate resources to pay future years' general long-term debt principal and interest; instead, the State finances such payments directly from the current year's resources.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's governmental funds:

- Combining Balance Sheet—Nonmajor Governmental Funds
- Combining Statement of Revenues, Expenditures, and Changes in Fund Balances—Nonmajor Governmental Funds
- General Reserve Fund Activity—Budgetary General Fund

Generally accepted accounting principles (GAAP) for governments require that a Comprehensive Annual Financial Report (CAFR) include budgetary comparison schedules for "individual nonmajor special revenue funds and other governmental funds of the primary government (including its blended component units)." Such schedules would be included as supplementary information in this subsection of the CAFR if they were applicable. The State of South Carolina, however, does not prepare separate budgets for its individual special revenue funds or for its other governmental funds. Accordingly, this subsection includes no budgetary comparison schedules. (Also see the budgetary comparison schedules within the Required Supplementary Information section of this report.)

Note 1b in the notes to the financial statements describes the State's major governmental funds. The paragraphs below describe all other individual governmental funds that the State uses.

a. Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. The State uses the nonmajor special revenue funds described below:

Education Improvement Act Fund. This fund accounts for the special additional 1% sales tax levied to be used exclusively for improvements in elementary and secondary education, including academic loans for future teachers.

Children's Education Endowment Fund. This fund accounts for low-level radioactive waste fees collected from the Barnwell waste facility that are not required to be deposited to the General Fund or remitted to Barnwell County. These funds are to be

used for public school facilities assistance and higher education scholarship grants.

Waste Management Fund. This fund accounts for fees collected from consumers, generators of solid and hazardous wastes, and owners and operators of solid waste and hazardous waste storage facilities. These fees must be used for the purposes set forth in the State's Solid Waste Policy and Management Act of 1991 and to cover the State's costs in governmental actions involving uncontrolled hazardous waste sites.

Accommodations and Local Option Sales Tax Fund. This fund accounts for: (1) a special additional 2% sales tax on the gross proceeds on the rental of transient accommodations and (2) a special 1% sales tax applicable in some localities within the State. The State allocates these revenues to counties and municipalities in accordance with State law.

Medicaid Expansion Fund. Resources of this fund include county assessments for indigent medical care and a tax on licensed hospitals. The fund was established to provide Medicaid coverage to persons formerly ineligible for such coverage and to provide additional State matching funds for Medicaid.

Tobacco Settlement Revenue Management Authority Fund. The Tobacco Settlement Revenue Management Authority was created to issue bonds that securitized future payments received under the multi-state legal settlement with the tobacco industry. The State transferred to the Authority, from its General Fund, all of its rights to the future tobacco settlement revenues. In return, the Authority transferred part of the bond proceeds to the State Tobacco Settlement Fund.

Education Lottery Fund. State law requires the Lottery Commission, a major discretely presented component unit, to transfer all proceeds from lottery ticket sales and other revenues net of expenses to the Education Lottery Fund. The Fund distributes these monies for education purposes and programs as stipulated in State law. These programs include tuition assistance, needs-based grants, and scholarships for the State's universities and technical colleges.

Jobs—Economic Development Authority Fund. The Jobs—Economic Development Authority acts in conjunction with other organizations in the promotion and advancement of industrial, commercial, agricultural, and recreational development in the State. The Authority's emphasis is on those areas of the State with the greatest economic need and those projects providing the greatest economic benefit.

Public Telecommunications Fund. The Public Telecommunications Fund of the State's Public Service Commission accounts for revenues collected from telephone companies within the State and redistributed to certain telephone companies in an effort to align prices and cost recovery with costs. This program also is intended to ensure basic telephone service at affordable rates is available to all citizens. Other revenues of the Fund include telephone customer surcharges for the 911 emergency system mandated by the FCC. These

Governmental Funds

monies are collected from the telephone companies and distributed to local governments for their 911 emergency telephone systems.

Other Special Revenue Funds. These funds, aggregated for reporting purposes, account for various other revenues that must be used for specific purposes. These include operations of various employment services, water recreation, agricultural boards, forest renewal programs, certain housing programs, medical and dental scholarships, energy-related programs, and certain programs administered by the Department of Probation, Parole, and Pardon Services.

b. Capital Projects Fund

The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments). Capital outlays financed from general obligation bond proceeds are accounted for through the Capital Projects Fund.

c. Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the State's programs—that is, for the benefit of the State or its citizenry.

Bequests Fund. Sometimes, private citizens make bequests of specific assets within their wills to the State. Typically, these gifts provide that the State may expend the earnings, but not the principal, to support certain State agencies or certain programs within a specific State agency. The Bequests Fund accounts for these funds.

Wildlife Endowment Fund. The Wildlife Endowment Fund accounts for funds received from private citizens as gifts and contributions, as well as fees for certain lifetime hunting and fishing licenses. The State may expend the earnings, but not the principal, in furthering the conservation of wildlife resources and the efficient operation of the State's Department of Natural Resources.

Combining Balance Sheet

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2003

(Expressed in Thousands)

| | | | | | | SPECIAL |
|--|--|---|-----------------------------|--|-------------------------------|--|
| | Education Improvement Act | Children's Education Endowment | Waste Management | Accommodations and Local Option Sales Tax | Medicaid Expansion | Tobacco Settlement Revenue Management Authority |
| ASSETS | | | | | | |
| Cash and cash equivalents..... | \$ 60,994 | \$ 36,652 | \$ 93,485 | \$ 44,411 | \$ 10,157 | \$ 131 |
| Investments..... | — | — | — | — | — | — |
| Invested securities lending collateral..... | 1,634 | 7,533 | 18,414 | 80 | 1,196 | — |
| Receivables, net: | | | | | | |
| Accounts..... | 365 | — | 307 | 1 | — | — |
| Accrued interest..... | 1,621 | 612 | 827 | — | 95 | — |
| Sales and other taxes..... | 57,902 | 26,830 | — | 28,491 | — | — |
| Loans and notes..... | 12,872 | — | — | — | — | — |
| Due from Federal government and other grantors..... | — | — | — | — | — | — |
| Due from other funds..... | 3,451 | — | — | 57 | — | — |
| Due from component units..... | — | — | — | — | — | — |
| Interfund receivables..... | — | — | — | — | — | — |
| Inventories..... | — | — | 32 | — | — | — |
| Restricted assets: | | | | | | |
| Cash and cash equivalents..... | — | — | — | — | — | 8 |
| Investments..... | — | — | — | — | — | 115,109 |
| Other..... | — | — | — | — | — | 2,404 |
| Total assets..... | \$ 138,839 | \$ 71,627 | \$ 113,065 | \$ 73,040 | \$ 11,448 | \$ 117,652 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable..... | \$ 4,597 | \$ 1 | \$ 4,338 | \$ — | \$ 17 | \$ — |
| Accrued salaries and related expenditures..... | 694 | — | 216 | — | — | — |
| Retainages payable..... | — | — | — | — | — | — |
| Tax refunds payable..... | 129 | — | — | 60 | — | — |
| Intergovernmental payables..... | 39,276 | 3,421 | 761 | 69,894 | — | — |
| Due to other funds..... | 1,507 | — | 168 | 123 | 15 | — |
| Interfund payables..... | 350 | — | — | — | — | — |
| Deferred revenues..... | 5,166 | — | — | 2,883 | 3,036 | — |
| Securities lending collateral..... | 1,634 | 7,533 | 18,414 | 80 | 1,196 | — |
| Other liabilities..... | 48 | — | — | — | — | — |
| Total liabilities..... | 53,401 | 10,955 | 23,897 | 73,040 | 4,264 | — |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Interfund receivables..... | — | — | — | — | — | — |
| Long-term loans and notes receivable..... | 6,052 | — | — | — | — | — |
| Debt requirements..... | — | — | — | — | — | 117,521 |
| School building aid..... | 3,841 | — | — | — | — | — |
| Endowments..... | — | — | — | — | — | — |
| Unreserved: | | | | | | |
| Designated for capital expenditures..... | — | — | — | — | — | — |
| Designated for scholarships..... | 16,315 | — | — | — | — | — |
| Undesignated..... | 59,230 | 60,672 | 89,168 | — | 7,184 | 131 |
| Total fund balances..... | 85,438 | 60,672 | 89,168 | — | 7,184 | 117,652 |
| Total liabilities and fund balances..... | \$ 138,839 | \$ 71,627 | \$ 113,065 | \$ 73,040 | \$ 11,448 | \$ 117,652 |

REVENUE

PERMANENT

| Education Lottery | Jobs– Economic Development Authority | Public Tele- commun- ications | Other Special Revenue | Totals | CAPITAL PROJECTS | Bequests | Wildlife Endowment | Totals | TOTALS |
|-------------------|---|-------------------------------------|-----------------------------|-------------------|---------------------|-----------------|-----------------------|-----------------|-------------------|
| \$ 109,380 | \$ 4,171 | \$ 20,348 | \$ 71,197 | \$ 450,926 | \$ 130,947 | \$ 1,264 | \$ 1,384 | \$ 2,648 | \$ 584,521 |
| — | 501 | — | — | 501 | — | — | — | — | 501 |
| 22,998 | — | 2,670 | 5,677 | 60,202 | 8,150 | 1,180 | 289 | 1,469 | 69,821 |
| — | 16 | 2,034 | 1,519 | 4,242 | — | — | — | — | 4,242 |
| 1,271 | 22 | 153 | 308 | 4,909 | 123 | 12 | 14 | 26 | 5,058 |
| — | — | — | 5,480 | 118,703 | 374 | — | — | — | 119,077 |
| — | 1,047 | — | 9,584 | 23,503 | — | — | — | — | 23,503 |
| — | — | — | — | — | 2,627 | — | — | — | 2,627 |
| — | — | 1,006 | 1,276 | 5,790 | 2,097 | — | — | — | 7,887 |
| 17,819 | — | — | — | 17,819 | — | — | — | — | 17,819 |
| — | — | — | 459 | 459 | — | — | — | — | 459 |
| — | — | — | — | 32 | — | — | — | — | 32 |
| — | — | — | — | 8 | — | — | — | — | 8 |
| — | — | — | — | 115,109 | — | — | — | — | 115,109 |
| — | — | — | — | 2,404 | — | — | — | — | 2,404 |
| \$ 151,468 | \$ 5,757 | \$ 26,211 | \$ 95,500 | \$ 804,607 | \$ 144,318 | \$ 2,456 | \$ 1,687 | \$ 4,143 | \$ 953,068 |
| \$ 3,146 | \$ 3 | \$ 266 | \$ 1,418 | \$ 13,786 | \$ 3,469 | \$ — | \$ — | \$ — | \$ 17,255 |
| 3 | 1 | — | 682 | 1,596 | 118 | — | — | — | 1,714 |
| — | — | — | — | — | 1,935 | — | — | — | 1,935 |
| — | — | — | 4 | 193 | — | — | — | — | 193 |
| 3,811 | 780 | 8,725 | 10,629 | 137,297 | — | — | — | — | 137,297 |
| 15,313 | — | 100 | 1,926 | 19,152 | 2,612 | — | — | — | 21,764 |
| — | — | — | 637 | 987 | 22,357 | — | — | — | 23,344 |
| — | 23 | — | 3,188 | 14,296 | 1,388 | — | 1 | 1 | 15,685 |
| 22,998 | — | 2,670 | 5,677 | 60,202 | 8,150 | 1,180 | 289 | 1,469 | 69,821 |
| — | — | — | 5 | 53 | — | — | — | — | 53 |
| 45,271 | 807 | 11,761 | 24,166 | 247,562 | 40,029 | 1,180 | 290 | 1,470 | 289,061 |
| — | — | — | 419 | 419 | — | — | — | — | 419 |
| — | — | — | 9,078 | 15,130 | — | — | — | — | 15,130 |
| — | — | — | — | 117,521 | — | — | — | — | 117,521 |
| — | — | — | — | 3,841 | — | — | — | — | 3,841 |
| — | — | — | — | — | — | 663 | 1,171 | 1,834 | 1,834 |
| — | — | — | — | — | 104,289 | — | — | — | 104,289 |
| — | — | — | — | 16,315 | — | — | — | — | 16,315 |
| 106,197 | 4,950 | 14,450 | 61,837 | 403,819 | — | 613 | 226 | 839 | 404,658 |
| 106,197 | 4,950 | 14,450 | 71,334 | 557,045 | 104,289 | 1,276 | 1,397 | 2,673 | 664,007 |
| \$ 151,468 | \$ 5,757 | \$ 26,211 | \$ 95,500 | \$ 804,607 | \$ 144,318 | \$ 2,456 | \$ 1,687 | \$ 4,143 | \$ 953,068 |

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

| | | | | | | SPECIAL |
|---|--|---|-----------------------------|--|-------------------------------|--|
| | Education Improvement Act | Children's Education Endowment | Waste Management | Accommodations and Local Option Sales Tax | Medicaid Expansion | Tobacco Settlement Revenue Management Authority |
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| Retail sales and use..... | \$ 512,987 | \$ — | \$ 1,486 | \$ 233,235 | \$ — | \$ — |
| Other..... | — | 26,831 | — | — | 49,500 | — |
| Licenses, fees, and permits..... | 57 | — | 23,951 | — | — | — |
| Interest and other investment income..... | 2,333 | 3,535 | 4,838 | (2) | 562 | 5,375 |
| Federal..... | — | — | — | — | — | — |
| Local and private grants..... | — | — | — | — | — | — |
| Departmental services..... | — | — | 3,515 | — | — | — |
| Contributions..... | — | — | 9 | — | 7,502 | — |
| Fines and penalties..... | — | — | 1,471 | — | — | — |
| Tobacco legal settlement..... | — | — | — | — | — | 86,313 |
| Other..... | 283 | 19 | 201 | — | — | — |
| Total revenues..... | 515,660 | 30,385 | 35,471 | 233,233 | 57,564 | 91,688 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government..... | 1,568 | — | — | 37 | — | 159 |
| Education..... | 37,308 | 13,382 | — | — | — | — |
| Health and environment..... | 742 | — | 23,398 | — | 56,449 | — |
| Social services..... | 347 | — | — | — | — | — |
| Administration of justice..... | 1,499 | — | — | — | — | — |
| Resources and economic development..... | — | — | — | — | — | — |
| Capital outlay..... | — | — | — | — | — | — |
| Debt service: | | | | | | |
| Principal retirement..... | — | — | — | — | — | 33,050 |
| Interest and fiscal charges..... | — | — | — | — | — | 58,888 |
| Intergovernmental..... | 481,238 | 26,067 | 4,195 | 231,608 | — | — |
| Total expenditures..... | 522,702 | 39,449 | 27,593 | 231,645 | 56,449 | 92,097 |
| Excess (deficiency) of revenues over (under) expenditures..... | (7,042) | (9,064) | 7,878 | 1,588 | 1,115 | (409) |
| Other financing sources (uses): | | | | | | |
| Bonds issued..... | — | — | — | — | — | — |
| Premiums on bonds issued..... | — | — | — | — | — | — |
| Transfers in..... | 2,302 | 2,805 | 12 | — | — | — |
| Transfers out..... | (4,476) | — | (54,326) | (1,588) | — | (2) |
| Total other financing sources (uses)..... | (2,174) | 2,805 | (54,314) | (1,588) | — | (2) |
| Net change in fund balances..... | (9,216) | (6,259) | (46,436) | — | 1,115 | (411) |
| Fund balances at beginning of year | 94,654 | 66,931 | 135,604 | — | 6,069 | 118,063 |
| Fund balances at end of year..... | \$ 85,438 | \$ 60,672 | \$ 89,168 | \$ — | \$ 7,184 | \$ 117,652 |

REVENUE

PERMANENT

| Education Lottery | Jobs– Economic Development Authority | Public Tele- commun- ications | Other Special Revenue | Totals | CAPITAL PROJECTS | Bequests | Wildlife Endowment | Totals | TOTALS |
|-------------------|---|-------------------------------------|-----------------------------|-------------------|---------------------|-----------------|-----------------------|-----------------|-------------------|
| \$ — | \$ — | \$ — | \$ — | \$ 747,708 | \$ — | \$ — | \$ — | \$ — | \$ 747,708 |
| — | — | — | 28,516 | 104,847 | 3,784 | — | — | — | 108,631 |
| — | — | 79,060 | 2,782 | 105,850 | — | — | 99 | 99 | 105,949 |
| 7,154 | 138 | 1,082 | 1,895 | 26,910 | 852 | 167 | 99 | 266 | 28,028 |
| — | — | — | 223 | 223 | 13,399 | — | — | — | 13,622 |
| — | — | — | 188 | 188 | 823 | — | — | — | 1,011 |
| — | 1,099 | 7,262 | 97 | 11,973 | 4,666 | — | — | — | 16,639 |
| 221,635 | — | — | 596 | 229,742 | 8,154 | — | — | — | 237,896 |
| — | — | — | 21,649 | 23,120 | — | — | — | — | 23,120 |
| — | — | — | — | 86,313 | — | — | — | — | 86,313 |
| — | — | — | 384 | 887 | 615 | — | — | — | 1,502 |
| 228,789 | 1,237 | 87,404 | 56,330 | 1,337,761 | 32,293 | 167 | 198 | 365 | 1,370,419 |
| — | — | 79,360 | 10,785 | 91,909 | — | — | — | — | 91,909 |
| 117,450 | — | — | — | 168,140 | — | 2 | — | 2 | 168,142 |
| — | — | — | 202 | 80,791 | — | — | — | — | 80,791 |
| 68 | — | — | 3,777 | 4,192 | — | — | — | — | 4,192 |
| 9 | — | — | 13,688 | 15,196 | — | — | — | — | 15,196 |
| — | 1,559 | — | 2,982 | 4,541 | — | — | 4 | 4 | 4,545 |
| — | — | — | — | — | 81,941 | — | — | — | 81,941 |
| — | 16 | — | — | 33,066 | — | — | — | — | 33,066 |
| — | 3 | — | 69 | 58,960 | — | — | — | — | 58,960 |
| 53,964 | — | 5,204 | 24,420 | 826,696 | — | — | — | — | 826,696 |
| 171,491 | 1,578 | 84,564 | 55,923 | 1,283,491 | 81,941 | 2 | 4 | 6 | 1,365,438 |
| 57,298 | (341) | 2,840 | 407 | 54,270 | (49,648) | 165 | 194 | 359 | 4,981 |
| — | — | — | — | — | 100,000 | — | — | — | 100,000 |
| — | — | — | — | — | 4,110 | — | — | — | 4,110 |
| 102 | 88 | — | 4,331 | 9,640 | 77,259 | — | — | — | 86,899 |
| (33,904) | — | (5,562) | (5,246) | (105,104) | (139,957) | — | — | — | (245,061) |
| (33,802) | 88 | (5,562) | (915) | (95,464) | 41,412 | — | — | — | (54,052) |
| 23,496 | (253) | (2,722) | (508) | (41,194) | (8,236) | 165 | 194 | 359 | (49,071) |
| 82,701 | 5,203 | 17,172 | 71,842 | 598,239 | 112,525 | 1,111 | 1,203 | 2,314 | 713,078 |
| \$ 106,197 | \$ 4,950 | \$ 14,450 | \$ 71,334 | \$ 557,045 | \$ 104,289 | \$ 1,276 | \$ 1,397 | \$ 2,673 | \$ 664,007 |

General Reserve Fund Activity

BUDGETARY GENERAL FUND

Last Ten Fiscal Years

Article III, Section 36, of the South Carolina Constitution establishes requirements relating to the General Reserve Fund. The reserve primarily is designed to prevent Budgetary General Fund deficits. On November 4, 1988, a Constitutional amendment was passed, which permanently changed the funding requirement for the Reserve to three

percent of the Budgetary General Fund revenue of the latest completed fiscal year.

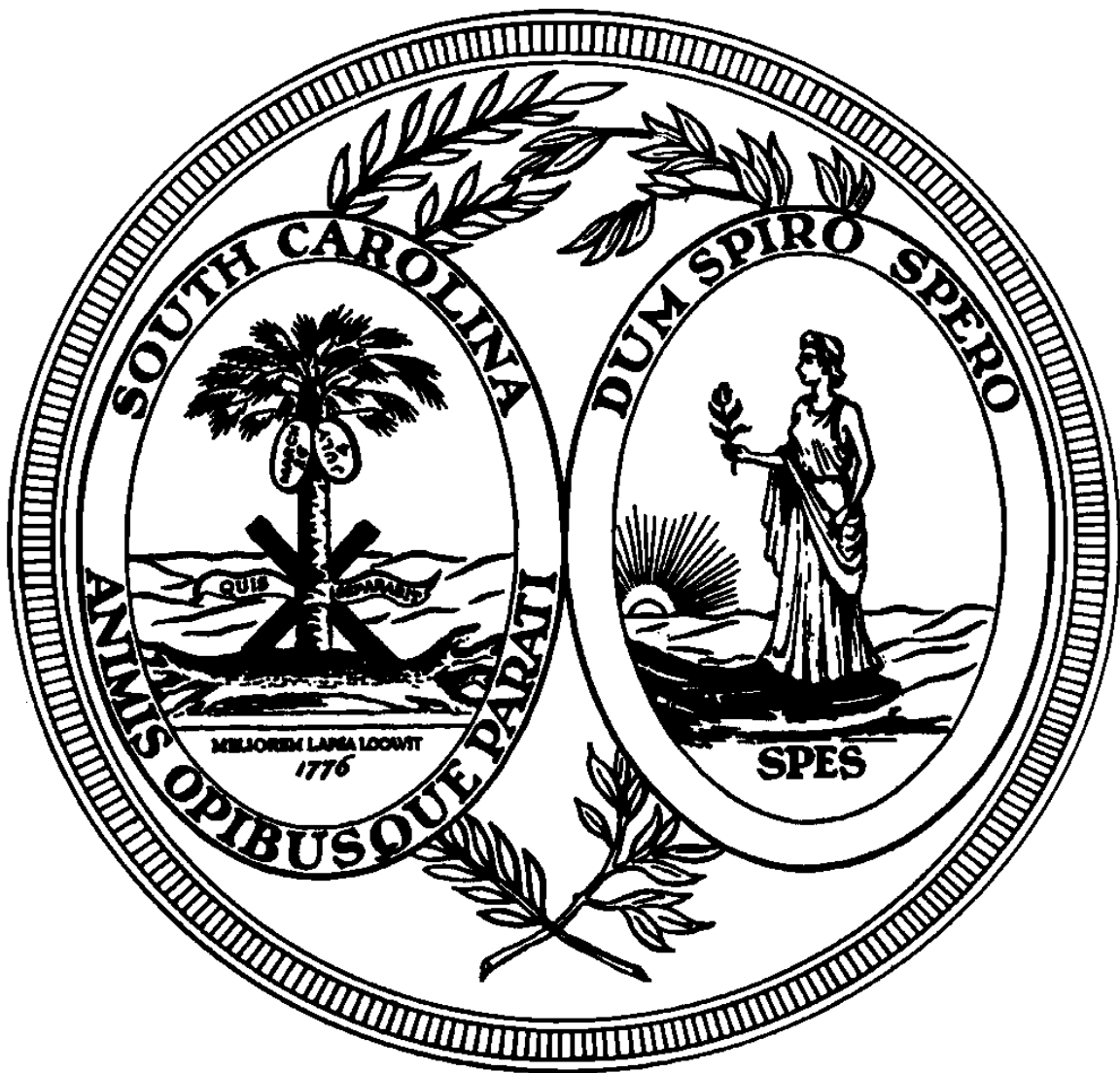
If amounts are withdrawn from the Reserve, the State Constitution requires restoration of the Reserve to full funding within three years.

Key amounts (dollars in thousands) for the General Reserve Fund for the last ten fiscal years are:

| Fiscal Year Ended June 30 | Start-of- Year Balance | Deposits | Withdrawals | End-of-Year Balance | Full-Funding Amount ^a | Actual End-of- Year % Funded ^b |
|------------------------------|------------------------------|-----------|-------------|------------------------|-------------------------------------|--|
| 1994 | \$ 66,832 | \$ 43,346 | \$ — | \$ 110,178 | \$ 110,178 | 100% |
| 1995 | 110,178 | 10,557 | — | 120,735 | 120,735 | 100% |
| 1996 | 120,735 | 6,271 | — | 127,006 | 127,006 | 100% |
| 1997 | 127,006 | 3,374 | — | 130,380 | 130,380 | 100% |
| 1998 | 130,380 | — | — | 130,380 | 137,650 | 95% |
| 1999 | 130,380 | 7,270 | — | 137,650 | 145,371 | 95% |
| 2000 | 137,650 | 7,721 | — | 145,371 | 147,916 | 98% |
| 2001 | 145,371 | 2,545 | (87,393) | 60,523 | 150,202 | 40% |
| 2002 | 60,523 | 2,286 | (62,809) | — | 152,410 | 0% |
| 2003 | — | 38,797 | (38,797) | — | 147,708 | 0% |

^aEquals 3% of the Budgetary General Fund revenues for the latest completed fiscal year.

^bEquals (End-of-Year Balance/Full-Funding Amount) x 100.



Proprietary Funds

Proprietary funds include enterprise and internal service funds. This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's proprietary funds:

- Combining Statement of Net Assets—Nonmajor Enterprise Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Nonmajor Enterprise Funds
- Combining Statement of Cash Flows—Nonmajor Enterprise Funds
- Combining Statement of Net Assets—Internal Service Funds
- Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets—Internal Service Funds
- Combining Statement of Cash Flows—Internal Service Funds

Note 1b in the notes to the financial statements describes the State's major enterprise funds. The paragraphs below describe all nonmajor enterprise funds and the internal service funds that the State uses.

a. Nonmajor Enterprise Funds

The State uses enterprise funds to report activities for which it charges fees to external users for goods or services if *any* of the following situations applies:

- The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity's costs of providing services, including capital costs, be recovered with fees and charges rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The State uses the nonmajor enterprise funds described below.

Patients' Compensation Fund. This fund provides medical malpractice insurance to any public or private health care provider within the State. This fund is reported as an insurance enterprise.

Patriots Point Development Authority Fund. The Patriots Point Development Authority is responsible for developing and operating the Patriots Point area near Charleston, including a naval museum. The Authority is supported by user fees.

Second Injury Fund. This fund serves as a claims processor for insurance carriers, self-insurers, and the State Accident Fund. The fund processes claims of employees with existing permanent physical impairment who are further injured in the course of their subsequent employment.

The State Housing Corporation Fund. The State Housing Corporation was organized to lease, operate, manage, and contract for the construction of office facilities for the South Carolina State Housing Finance and Development Authority and for affordable housing facilities for the members of the beneficiary classes of the Authority.

The Tuition Prepayment Program Fund. This fund, previously known as the PACE program, allows contributors to make payments, under the terms of a tuition prepayment contract, to cover future undergraduate tuition expenses of a designated beneficiary at a South Carolina public higher education institution. Alternatively, the benefits of this contract can be applied toward the cost of tuition, up to the weighted average tuition at South Carolina public institutions, at any accredited college or university to which the designated beneficiary has been admitted.

The Citadel Trust, Inc., Fund. The Citadel Trust was formed for the purpose of investing funds in order to provide scholarship and other financial assistance or support to The Citadel, a higher education institution reported in the Higher Education Fund, a major enterprise fund.

Pharmaceutical Education and Development Foundation Fund (PEDF). PEDF promotes educational, research, clinical, and other facilities and programs of the Medical University of South Carolina's College of Pharmacy. The Medical University of South Carolina is a higher education institution reported in the Higher Education Fund, a major enterprise fund.

Medical University Hospital Authority Fund (the Authority). The Authority was created to manage and operate the Medical University of South Carolina's hospitals and clinics.

Medical University Facilities Corporation Fund (MUFC). MUFC was established to obtain financing for the Medical University of South Carolina to purchase land, an office building, and a parking garage.

University of South Carolina Trust Fund (the Trust). The Trust operates exclusively for the benefit of the University of South Carolina's School of Medicine to augment and aid education, research, and service in the field of health sciences. The University of South Carolina is a higher education institution reported in the Higher Education Fund, a major enterprise fund. The Trust's fiscal year ends December 31, and the accompanying supplementary information includes the Trust's financial information for the fiscal year ended December 31, 2002.

Proprietary Funds

University Medical Associates Fund (UMA). UMA was established to promote and support educational, medical, scientific, and research purposes of the Medical University of South Carolina (MUSC), a higher education institution reported in the Higher Education Fund, a major enterprise fund. UMA promotes the recruitment and retention of superior faculty at MUSC.

Other Enterprise Funds. Other enterprise activities of the State include: the Savannah Valley Development and the Public Railways Divisions of the South Carolina Department of Commerce, the Canteens Fund, operation of the Columbia Farmers' Market, and enterprise operations of the Adjutant General's Office.

b. Internal Service Funds

The State uses the internal service funds described below to report activities that provide goods or services to other State funds, departments, agencies, component units, and/or to other governments, on a cost-reimbursement basis if the State is the predominant participant in the activity. If the State is *not* the predominant participant, it reports the activity as an enterprise fund.

Insurance Reserve Fund. This is a risk management/reinsurance fund. It underwrites insurance risks on public buildings and their contents and tort liability, medical malpractice, and automobile liability for public employees. State law limits the Fund's customers to certain governmental persons/entities within the State and certain associated parties.

Employee Insurance Programs Fund. This is a risk management fund that underwrites the group health, dental, life, accidental death and dismemberment, disability, and long-term care benefits provided to State and public school employees and retirees.

State Accident Fund. This is a risk management fund that provides workers' compensation benefits predominantly to State employees. Premiums are collected from State agencies.

General Services Fund. This fund accounts for various services provided to State and local governmental units for which user fees are charged. These services include telecommunication and computer services, rental of office buildings, janitorial services, building maintenance, and procurement services.

Central Supplies and Equipment Fund. This fund sells office supplies and equipment, food, and paper products to other governmental units. It also stores food and paper products for State agencies.

Motor Pool Fund. This fund provides daily and permanent lease assignments of vehicles to State agencies. It also maintains an inventory of automotive parts to provide maintenance of these vehicles.

Pension Administration Fund. This fund administers the public employee retirement systems. Revenues of the fund primarily consist of assessments charged to the pension trust funds.

Prison Industries Fund. This fund accounts for goods produced by inmate labor. These goods are sold primarily to State agencies.

Governor's School for the Arts Foundation, Inc., Fund. This fund collects and disburses funds for the support of programs, services, scholarships, operations, and capital needs of the South Carolina Governor's School for the Arts and Humanities. The Foundation is a blended component unit of that entity.

Other Internal Service Funds. These funds, aggregated for reporting purposes, account for other miscellaneous activities that meet the definition of internal service funds. Such activities include provision of training programs for State employees and work activity centers of the Vocational Rehabilitation Department.

Combining Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS

June 30, 2003

(Expressed in Thousands)

| | <u>Patients'</u> <u>Compensation</u> | <u>Patriots Point</u> <u>Development</u> <u>Authority</u> | <u>Second</u> <u>Injury</u> | <u>State</u> <u>Housing</u> <u>Corporation</u> | <u>Tuition</u> <u>Prepayment</u> <u>Program</u> |
|---|---|---|--------------------------------|--|---|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents..... | \$ 3,821 | \$ 6,156 | \$ 208 | \$ 4,890 | \$ 71,804 |
| Investments..... | — | — | — | — | — |
| Invested securities lending collateral..... | 757 | — | 31,647 | — | 26,800 |
| Receivables, net: | | | | | |
| Accounts..... | — | 215 | — | — | — |
| Contributions..... | — | — | — | — | — |
| Participants..... | — | — | — | — | 5,987 |
| Accrued interest..... | 66 | 21 | — | — | 479 |
| Patient accounts..... | — | — | — | — | — |
| Due from Federal government and other grantors..... | — | — | — | — | — |
| Due from other funds..... | — | — | — | — | — |
| Inventories..... | — | 318 | — | — | — |
| Restricted assets: | | | | | |
| Cash and cash equivalents..... | — | — | 74,933 | — | — |
| Investments..... | — | — | — | — | — |
| Loans receivable..... | — | — | — | — | — |
| Other..... | — | — | 1,120 | — | — |
| Other current assets..... | 60 | 66 | — | — | — |
| Total current assets..... | <u>4,704</u> | <u>6,776</u> | <u>107,908</u> | <u>4,890</u> | <u>105,070</u> |
| Long-term assets: | | | | | |
| Investments..... | — | — | — | — | — |
| Receivables, net: | | | | | |
| Contributions..... | — | — | — | — | — |
| Participants..... | — | — | — | — | 18,320 |
| Interfund receivables..... | — | — | — | — | — |
| Restricted assets: | | | | | |
| Cash and cash equivalents..... | — | — | — | — | — |
| Investments..... | — | — | — | — | — |
| Loans receivable..... | — | — | — | — | — |
| Other..... | — | — | — | — | — |
| Other long-term assets..... | — | — | — | 68 | — |
| Capital assets: | | | | | |
| Land and improvements..... | — | 5,744 | — | — | — |
| Buildings and improvements..... | — | 1,460 | — | — | — |
| Construction in progress..... | — | 443 | — | — | — |
| Vehicles..... | — | — | — | — | — |
| Machinery and equipment..... | — | 539 | 59 | — | — |
| Works of art and historical treasures..... | — | 6,967 | — | — | — |
| Intangible assets..... | — | — | — | — | — |
| Less: accumulated depreciation..... | — | (7,457) | (46) | — | — |
| Total capital assets, net..... | <u>—</u> | <u>7,696</u> | <u>13</u> | <u>—</u> | <u>—</u> |
| Total long-term assets..... | <u>—</u> | <u>7,696</u> | <u>13</u> | <u>68</u> | <u>18,320</u> |
| Total assets..... | <u>4,704</u> | <u>14,472</u> | <u>107,921</u> | <u>4,958</u> | <u>123,390</u> |

| <u>The Citadel Trust, Inc.</u> | <u>Pharmaceutical Education and Development Foundation</u> | <u>Medical University Hospital Authority</u> | <u>Medical University Facilities Corporation</u> | <u>University of South Carolina Trust</u> | <u>University Medical Associates</u> | <u>Other Enterprise</u> | <u>Totals</u> |
|------------------------------------|--|--|--|---|--|-----------------------------|---------------|
| \$ 266 | \$ 327 | \$ 26,475 | \$ — | \$ 2,582 | \$ 38,261 | \$ 11,741 | \$ 166,531 |
| 2,755 | — | — | — | 3,882 | 1,050 | 117 | 7,804 |
| — | — | — | — | — | — | 797 | 60,001 |
| 16 | — | 3,254 | — | 2,439 | 23 | 1,543 | 7,490 |
| 119 | — | — | — | — | — | — | 119 |
| — | — | — | — | — | — | — | 5,987 |
| 187 | — | — | 7 | — | — | 45 | 805 |
| — | — | 76,545 | — | 2,378 | 18,485 | — | 97,408 |
| 6 | — | — | — | — | — | — | 6 |
| — | — | 835 | 2,278 | — | 12,401 | 147 | 15,661 |
| — | — | 10,820 | — | — | — | 3,650 | 14,788 |
| 306 | — | 832 | 14,381 | — | — | 3,190 | 93,642 |
| 5,752 | — | — | 316 | — | — | — | 6,068 |
| 65 | — | — | — | — | — | — | 65 |
| 509 | — | — | — | — | — | 259 | 1,888 |
| 41 | — | 2,614 | 62 | — | 1,380 | 32 | 4,255 |
| 10,022 | 327 | 121,375 | 17,044 | 11,281 | 71,600 | 21,521 | 482,518 |
| — | — | — | — | — | — | 157 | 157 |
| 250 | — | — | — | — | — | — | 250 |
| — | — | — | — | — | — | — | 18,320 |
| — | — | — | 20,709 | — | 1,245 | — | 21,954 |
| 1,578 | — | 18,658 | 1,350 | — | 6,774 | — | 28,360 |
| 34,254 | — | — | 213 | — | 8,919 | — | 43,386 |
| 392 | — | — | — | — | — | 15,494 | 15,886 |
| 1,311 | — | — | — | — | 89 | — | 1,400 |
| 27 | — | 677 | 594 | — | 22,074 | 296 | 23,736 |
| — | — | 3,270 | — | — | — | 17,414 | 26,428 |
| — | — | 190,956 | — | 15,788 | 58,572 | 3,417 | 270,193 |
| — | — | 49,144 | — | — | 201 | 35 | 49,823 |
| — | — | 1,089 | — | — | — | 601 | 1,690 |
| — | — | 146,983 | — | 6,765 | 9,269 | 3,674 | 167,289 |
| — | — | — | — | — | — | — | 6,967 |
| — | — | — | — | — | 3,186 | 2,300 | 5,486 |
| — | — | (174,616) | — | (7,624) | (21,020) | (4,910) | (215,673) |
| — | — | 216,826 | — | 14,929 | 50,208 | 22,531 | 312,203 |
| 37,812 | — | 236,161 | 22,866 | 14,929 | 89,309 | 38,478 | 465,652 |
| 47,834 | 327 | 357,536 | 39,910 | 26,210 | 160,909 | 59,999 | 948,170 |

Continued on Next Page

Combining Statement of Net Assets

NONMAJOR ENTERPRISE FUNDS (Continued)

June 30, 2003

(Expressed in Thousands)

| | <u>Patients'</u> <u>Compensation</u> | <u>Patriots Point</u> <u>Development</u> <u>Authority</u> | <u>Second</u> <u>Injury</u> | <u>State</u> <u>Housing</u> <u>Corporation</u> | <u>Tuition</u> <u>Prepayment</u> <u>Program</u> |
|--|---|---|--------------------------------|--|---|
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable..... | \$ 17 | \$ 255 | \$ 2 | \$ — | \$ — |
| Accrued salaries and related expenses..... | 17 | 249 | 95 | — | — |
| Accrued interest payable..... | — | — | — | 24 | — |
| Retainages payable..... | — | — | — | — | — |
| Tuition benefits payable..... | — | — | — | — | 2,280 |
| Policy claims..... | 35,000 | — | — | — | — |
| Due to other funds..... | — | 14 | 806 | — | — |
| Deferred revenues..... | 12,100 | 617 | — | — | — |
| Securities lending collateral..... | 757 | — | 31,647 | — | 26,800 |
| Liabilities payable from restricted assets: | | | | | |
| Accrued interest payable..... | — | — | — | — | — |
| Other..... | — | — | 75,253 | — | — |
| Notes payable..... | — | — | — | — | — |
| Revenue bonds payable..... | — | — | — | — | — |
| Certificates of participation payable..... | — | — | — | — | — |
| Capital leases payable..... | — | — | — | — | — |
| Compensated absences payable..... | 9 | 261 | 81 | — | — |
| Other current liabilities..... | — | — | — | — | — |
| Total current liabilities..... | <u>47,900</u> | <u>1,396</u> | <u>107,884</u> | <u>24</u> | <u>29,080</u> |
| Long-term liabilities: | | | | | |
| Tuition benefits payable..... | — | — | — | — | 111,725 |
| Policy claims..... | 175,312 | — | — | — | — |
| Interfund payables..... | — | — | — | 4,950 | — |
| Notes payable..... | — | — | — | — | — |
| Revenue bonds payable..... | — | — | — | — | — |
| Capital leases payable..... | — | — | — | — | — |
| Compensated absences payable..... | 6 | — | 24 | — | — |
| Other long-term liabilities..... | — | — | — | — | — |
| Total long-term liabilities..... | <u>175,318</u> | <u>—</u> | <u>24</u> | <u>4,950</u> | <u>111,725</u> |
| Total liabilities..... | <u>223,218</u> | <u>1,396</u> | <u>107,908</u> | <u>4,974</u> | <u>140,805</u> |
| NET ASSETS (DEFICITS) | | | | | |
| Invested in capital assets, net of related debt..... | — | 7,696 | 13 | — | — |
| Restricted: | | | | | |
| Expendable: | | | | | |
| Education..... | — | — | — | — | — |
| Capital projects..... | — | — | — | — | — |
| Debt service..... | — | — | — | — | — |
| Other..... | — | — | — | — | — |
| Nonexpendable: | | | | | |
| Education..... | — | — | — | — | — |
| Unrestricted..... | (218,514) | 5,380 | — | (16) | (17,415) |
| Total net assets (deficits)..... | <u>\$ (218,514)</u> | <u>\$ 13,076</u> | <u>\$ 13</u> | <u>\$ (16)</u> | <u>\$ (17,415)</u> |

| <u>The Citadel Trust, Inc.</u> | <u>Pharmaceutical Education and Development Foundation</u> | <u>Medical University Hospital Authority</u> | <u>Medical University Facilities Corporation</u> | <u>University of South Carolina Trust</u> | <u>University Medical Associates</u> | <u>Other Enterprise</u> | <u>Totals</u> |
|------------------------------------|--|--|--|---|--|-----------------------------|------------------|
| \$ 2 | \$ 5,374 | \$ 19,815 | \$ — | \$ 2,532 | \$ 1,602 | \$ 1,671 | \$ 31,270 |
| 12 | — | 12,257 | — | 33 | 3,784 | 213 | 16,660 |
| — | — | 2,613 | 733 | — | 279 | — | 3,649 |
| — | — | 832 | — | — | — | — | 832 |
| — | — | — | — | — | — | — | 2,280 |
| — | — | — | — | — | — | — | 35,000 |
| — | — | 7,919 | — | — | 835 | 175 | 9,749 |
| — | — | — | — | — | — | 33 | 12,750 |
| — | — | — | — | — | — | 797 | 60,001 |
| — | — | — | — | — | — | 516 | 516 |
| — | — | — | — | — | — | 65 | 75,318 |
| — | — | 490 | 1,000 | — | 25,784 | 2 | 27,276 |
| — | — | — | 478 | 420 | — | — | 898 |
| — | — | — | 13,525 | — | — | — | 13,525 |
| — | — | 6,970 | — | 76 | 557 | — | 7,603 |
| — | — | 11,991 | — | 673 | 1,277 | 395 | 14,687 |
| 8 | — | 75 | — | — | 2,025 | — | 2,108 |
| <u>22</u> | <u>5,374</u> | <u>62,962</u> | <u>15,736</u> | <u>3,734</u> | <u>36,143</u> | <u>3,867</u> | <u>314,122</u> |
| — | — | — | — | — | — | — | 111,725 |
| — | — | — | — | — | — | — | 175,312 |
| — | 1,000 | — | — | — | — | 15,494 | 21,444 |
| — | — | 12,393 | 12,500 | — | 94,393 | 16 | 119,302 |
| — | — | 96,963 | 10,341 | 9,340 | — | — | 116,644 |
| — | — | 21,196 | — | 44 | 579 | — | 21,819 |
| — | — | — | — | — | 852 | 98 | 980 |
| 603 | 1,443 | — | — | 922 | 1,528 | — | 4,496 |
| <u>603</u> | <u>2,443</u> | <u>130,552</u> | <u>22,841</u> | <u>10,306</u> | <u>97,352</u> | <u>15,608</u> | <u>571,722</u> |
| <u>625</u> | <u>7,817</u> | <u>193,514</u> | <u>38,577</u> | <u>14,040</u> | <u>133,495</u> | <u>19,475</u> | <u>885,844</u> |
| — | — | 78,815 | — | 5,049 | (1,329) | 22,513 | 112,757 |
| 22,221 | — | — | — | — | — | — | 22,221 |
| 218 | — | — | — | — | — | — | 218 |
| — | — | — | 1,333 | — | 9,081 | 2,868 | 13,282 |
| — | — | — | — | — | — | 50 | 50 |
| 19,200 | — | — | — | — | — | — | 19,200 |
| 5,570 | (7,490) | 85,207 | — | 7,121 | 19,662 | 15,093 | (105,402) |
| <u>\$ 47,209</u> | <u>\$ (7,490)</u> | <u>\$ 164,022</u> | <u>\$ 1,333</u> | <u>\$ 12,170</u> | <u>\$ 27,414</u> | <u>\$ 40,524</u> | <u>\$ 62,326</u> |

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2003
(Expressed in Thousands)

| | <u>Patients'</u> <u>Compensation</u> | <u>Patriots Point</u> <u>Development</u> <u>Authority</u> | <u>Second</u> <u>Injury</u> | <u>State</u> <u>Housing</u> <u>Corporation</u> | <u>Tuition</u> <u>Prepayment</u> <u>Program</u> |
|--|---|---|--------------------------------|--|---|
| Operating revenues: | | | | | |
| Charges for services..... | \$ 37,855 | \$ 7,511 | \$ 1,602 | \$ — | \$ 85 |
| Contributions..... | — | — | — | — | 15,673 |
| Interest and other investment income..... | — | — | — | 8 | 5,607 |
| Operating revenues pledged for revenue bonds..... | — | — | — | — | — |
| Other operating revenues..... | — | — | — | — | — |
| Total operating revenues..... | 37,855 | 7,511 | 1,602 | 8 | 21,365 |
| Operating expenses: | | | | | |
| General operations and administration..... | 746 | 6,506 | 1,574 | — | 504 |
| Benefits and claims..... | 49,367 | — | — | — | — |
| Tuition plan disbursements..... | — | — | — | — | 26,704 |
| Interest..... | — | — | — | 24 | — |
| Depreciation and amortization..... | — | 320 | 4 | — | — |
| Other operating expenses..... | — | 138 | 25 | — | — |
| Total operating expenses..... | 50,113 | 6,964 | 1,603 | 24 | 27,208 |
| Operating income (loss)..... | (12,258) | 547 | (1) | (16) | (5,843) |
| Nonoperating revenues (expenses): | | | | | |
| Interest income..... | 344 | 150 | — | — | — |
| Contributions..... | — | 22 | — | — | — |
| Local/private grants and contracts..... | — | — | — | — | — |
| Interest expense..... | — | — | — | — | — |
| Other nonoperating revenues (expenses)..... | — | (22) | — | — | — |
| Total nonoperating revenues (expenses)..... | 344 | 150 | — | — | — |
| Income (loss) before other revenues, expenses, losses, and transfers..... | (11,914) | 697 | (1) | (16) | (5,843) |
| Local/private capital grants and contracts..... | — | — | — | — | — |
| Additions to endowments..... | — | — | — | — | — |
| Special items..... | — | — | — | — | — |
| Transfers out..... | (1,505) | (131) | (3) | — | — |
| Change in net assets..... | (13,419) | 566 | (4) | (16) | (5,843) |
| Net assets (deficits) at beginning of year (restated)..... | (205,095) | 12,510 | 17 | — | (11,572) |
| Net assets (deficits) at end of year..... | \$ (218,514) | \$ 13,076 | \$ 13 | \$ (16) | \$ (17,415) |

| The Citadel Trust, Inc. | Pharmaceutical Education and Development Foundation | Medical University Hospital Authority | Medical University Facilities Corporation | University of South Carolina Trust | University Medical Associates | Other Enterprise | Totals |
|------------------------------------|--|--|--|---|--|-----------------------------|------------------|
| \$ — | \$ — | \$ — | \$ — | \$ 21,076 | \$ 184,454 | \$ 24,015 | \$ 276,598 |
| — | — | — | — | — | — | — | 15,673 |
| — | — | — | — | — | — | — | 5,615 |
| — | — | 535,212 | 1,909 | — | — | — | 537,121 |
| 1,432 | — | 13,113 | — | 14,574 | 4,411 | 207 | 33,737 |
| 1,432 | — | 548,325 | 1,909 | 35,650 | 188,865 | 24,222 | 868,744 |
| 108 | 267 | 506,651 | 1,919 | 34,957 | 148,430 | 21,744 | 723,406 |
| — | — | — | — | — | — | — | 49,367 |
| — | — | — | — | — | — | — | 26,704 |
| — | — | — | — | — | — | — | 24 |
| — | — | 17,365 | 21 | 911 | 2,779 | 458 | 21,858 |
| — | — | — | — | — | — | 802 | 965 |
| 108 | 267 | 524,016 | 1,940 | 35,868 | 151,209 | 23,004 | 822,324 |
| 1,324 | (267) | 24,309 | (31) | (218) | 37,656 | 1,218 | 46,420 |
| — | 5 | 63 | — | (884) | 1,616 | 1,500 | 2,794 |
| 3,278 | — | — | — | — | — | — | 3,300 |
| 66 | — | — | — | — | — | 1,200 | 1,266 |
| — | — | (5,846) | — | (471) | (6,362) | (1,230) | (13,909) |
| (5) | 100 | — | — | — | 3,483 | (39) | 3,517 |
| 3,339 | 105 | (5,783) | — | (1,355) | (1,263) | 1,431 | (3,032) |
| 4,663 | (162) | 18,526 | (31) | (1,573) | 36,393 | 2,649 | 43,388 |
| 59 | — | — | — | (7) | — | — | 52 |
| 405 | — | — | — | — | — | — | 405 |
| — | — | — | — | — | (458) | — | (458) |
| (3,204) | — | (5,810) | (35) | — | (10,757) | (3,005) | (24,450) |
| 1,923 | (162) | 12,716 | (66) | (1,580) | 25,178 | (356) | 18,937 |
| 45,286 | (7,328) | 151,306 | 1,399 | 13,750 | 2,236 | 40,880 | 43,389 |
| \$ 47,209 | \$ (7,490) | \$ 164,022 | \$ 1,333 | \$ 12,170 | \$ 27,414 | \$ 40,524 | \$ 62,326 |

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

| | Patients' Compensation | Patriots Point Development Authority | Second Injury | State Housing Corporation |
|---|---------------------------|---|------------------|---------------------------------|
| Cash flows from operating activities: | | | | |
| Receipts from customers, patients, and third-party payers..... | \$ 37,155 | \$ 4,940 | \$ — | \$ — |
| Assessments received..... | — | — | 133,388 | — |
| Tuition plan contributions received..... | — | — | — | — |
| Other operating cash receipts..... | — | 2,633 | — | — |
| Claims and benefits paid..... | (41,707) | — | (110,105) | — |
| Payments to suppliers for goods and services..... | — | (3,027) | — | (68) |
| Payments to employees..... | — | (3,164) | — | — |
| Internal activity - payments to other funds..... | — | — | — | — |
| Other operating cash payments..... | (817) | (374) | (1,585) | — |
| Net cash provided by (used in) operating activities..... | (5,369) | 1,008 | 21,698 | (68) |
| Cash flows from noncapital financing activities: | | | | |
| Principal payments received from other funds..... | — | — | — | — |
| Principal payments made to other funds..... | — | — | — | — |
| Interest payments made to other funds..... | — | — | — | — |
| Proceeds from issuance of noncapital debt..... | — | — | — | — |
| Principal paid on noncapital debt..... | — | — | — | — |
| Interest payments on noncapital debt..... | — | — | — | — |
| Payment of bond issuance costs..... | — | — | — | — |
| Gifts and grants for other than capital purposes..... | — | — | — | — |
| Other cash receipts..... | — | — | — | — |
| Other cash payments..... | — | — | — | — |
| Transfers out..... | (1,505) | (131) | (3) | — |
| Net cash provided by (used in) noncapital financing activities..... | (1,505) | (131) | (3) | — |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets..... | — | (448) | — | — |
| Principal payments on notes payable..... | — | — | — | — |
| Proceeds from issuance of capital debt..... | — | — | — | 4,950 |
| Principal paid on capital debt and lease..... | — | — | — | — |
| Interest payments on capital debt..... | — | — | — | — |
| Payment of agent and broker fees..... | — | — | — | — |
| Proceeds from sale or disposal of capital assets..... | — | — | — | — |
| Capital grants and gifts received..... | — | — | — | — |
| Net cash provided by (used in) capital and related financing activities..... | — | (448) | — | 4,950 |
| Cash flows from investing activities: | | | | |
| Proceeds from sales and maturities of investments..... | — | — | — | — |
| Purchase of investments..... | — | — | — | — |
| Interest and dividends on investments..... | 367 | 150 | 6,127 | 8 |
| Collection of escrow payments from borrower..... | — | — | — | — |
| Net cash provided by (used in) investing activities..... | 367 | 150 | 6,127 | 8 |
| Net increase (decrease) in cash and cash equivalents..... | (6,507) | 579 | 27,822 | 4,890 |
| Cash and cash equivalents at beginning of year (restated)..... | 10,328 | 5,577 | 47,319 | — |
| Cash and cash equivalents at end of year..... | \$ 3,821 | \$ 6,156 | \$ 75,141 | \$ 4,890 |

| Tuition Prepayment Program | The Citadel Trust, Inc. | Pharmaceutical Education and Development Foundation | Medical University Hospital Authority | Medical University Facilities Corporation | University of South Carolina Trust | University Medical Associates | Other Enterprise | Totals |
|----------------------------------|----------------------------|--|--|--|---|-------------------------------------|---------------------|-------------------|
| \$ 215 | \$ — | \$ — | \$ 531,778 | \$ — | \$ 21,337 | \$ 158,197 | \$ 22,791 | \$ 776,413 |
| — | — | — | — | — | — | — | — | 133,388 |
| 18,717 | — | — | — | — | — | — | — | 18,717 |
| — | — | 300 | 12,673 | — | 12,927 | 5,786 | 1,009 | 35,328 |
| — | — | — | — | — | — | — | — | (151,812) |
| (504) | (44) | (319) | (224,843) | — | (14,843) | (50,921) | (20,151) | (314,720) |
| — | (64) | (80) | (222,039) | — | (20,986) | (76,724) | (4,683) | (327,740) |
| — | — | — | (54,307) | — | — | — | — | (54,307) |
| (434) | — | — | — | — | — | (2,782) | (925) | (6,917) |
| 17,994 | (108) | (99) | 43,262 | — | (1,565) | 33,556 | (1,959) | 108,350 |
| — | — | — | — | — | — | — | 3,082 | 3,082 |
| — | — | — | — | — | — | — | (446) | (446) |
| — | — | — | — | — | — | — | (1,275) | (1,275) |
| — | — | — | — | 13,500 | — | 22,500 | — | 36,000 |
| — | — | — | — | (1,219) | — | (23,206) | — | (24,425) |
| — | — | — | — | (1,895) | — | (3,516) | — | (5,411) |
| — | — | — | — | (436) | — | (117) | — | (553) |
| — | 3,934 | — | — | — | — | — | 1,200 | 5,134 |
| — | 211 | — | — | — | — | — | 96 | 307 |
| — | — | — | — | — | (7) | — | — | (7) |
| — | (3,204) | — | (5,810) | (35) | — | (10,757) | (3,005) | (24,450) |
| — | 941 | — | (5,810) | 9,915 | (7) | (15,096) | (348) | (12,044) |
| — | — | — | (28,376) | — | (2,058) | (856) | (1,452) | (33,190) |
| — | — | — | — | — | — | — | (2) | (2) |
| — | — | — | — | — | — | — | — | 4,950 |
| — | — | — | (7,878) | — | (515) | (1,321) | (3,736) | (13,450) |
| — | — | — | (3,291) | — | (472) | (2,901) | (1) | (6,665) |
| — | — | — | — | — | — | (121) | — | (121) |
| — | — | — | — | — | — | 19 | 44 | 63 |
| — | 59 | — | — | — | — | — | — | 59 |
| — | 59 | — | (39,545) | — | (3,045) | (5,180) | (5,147) | (48,356) |
| — | 43,433 | — | — | 2,388 | 3,129 | 8,210 | — | 57,160 |
| — | (45,352) | — | — | (1,277) | (1,550) | (7,226) | — | (55,405) |
| 5,169 | 976 | 5 | 1,308 | 1,909 | 95 | 905 | 406 | 17,425 |
| — | — | — | — | — | — | — | 1,566 | 1,566 |
| 5,169 | (943) | 5 | 1,308 | 3,020 | 1,674 | 1,889 | 1,972 | 20,746 |
| 23,163 | (51) | (94) | (785) | 12,935 | (2,943) | 15,169 | (5,482) | 68,696 |
| 48,641 | 2,201 | 421 | 46,750 | 2,796 | 5,525 | 29,866 | 20,413 | 219,837 |
| \$ 71,804 | \$ 2,150 | \$ 327 | \$ 45,965 | \$ 15,731 | \$ 2,582 | \$ 45,035 | \$ 14,931 | \$ 288,533 |

Continued on Next Page

Combining Statement of Cash Flows

NONMAJOR ENTERPRISE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

| | <u>Patients'</u> <u>Compensation</u> | <u>Patriots</u> <u>Point</u> <u>Development</u> <u>Authority</u> | <u>Second</u> <u>Injury</u> | <u>State</u> <u>Housing</u> <u>Corporation</u> |
|--|---|---|--------------------------------|--|
| Reconciliation of operating income(loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss)..... | \$ (12,258) | \$ 547 | \$ (1) | \$ (16) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | — | 320 | 4 | — |
| Provision for bad debts..... | — | — | — | — |
| Realized gains and losses on investments..... | — | — | — | — |
| Interest payments reclassified as noncapital financing activities..... | — | — | — | — |
| Interest and dividends on investments and interfund loans..... | — | — | — | (8) |
| Amounts received for payment of claims..... | — | — | 131,786 | — |
| Payment of claims..... | — | — | (110,105) | — |
| Other nonoperating revenues..... | — | 22 | — | — |
| Other nonoperating expenses..... | — | — | — | — |
| Other..... | — | — | 1 | — |
| Change in assets—decreases (increases): | | | | |
| Accounts receivable, net..... | — | 26 | — | — |
| Receivable from participants, net..... | — | — | — | — |
| Accrued interest..... | — | (4) | — | — |
| Due from other funds..... | — | — | — | — |
| Inventories..... | — | 25 | — | — |
| Other assets | (60) | (66) | — | (68) |
| Change in liabilities—increases (decreases): | | | | |
| Accounts payable..... | (8) | 82 | (1) | — |
| Accrued salaries and related expenses..... | 1 | 36 | 9 | — |
| Accrued interest payable..... | — | — | — | 24 |
| Tuition benefits payable..... | — | — | — | — |
| Policy claims..... | 7,660 | — | — | — |
| Due to other funds..... | (1) | (8) | — | — |
| Deferred revenues | (700) | 27 | — | — |
| Liabilities payable from restricted assets..... | — | — | — | — |
| Interfund payables..... | — | — | — | — |
| Compensated absences payable | (3) | 1 | 5 | — |
| Other liabilities..... | — | — | — | — |
| Net cash provided by (used in) operating activities..... | \$ (5,369) | \$ 1,008 | \$ 21,698 | \$ (68) |
| Noncash capital, investing, and financing activities: | | | | |
| Acquisition of capital assets through assumption of liabilities..... | \$ — | \$ — | \$ — | \$ — |
| Increase (decrease) in fair value of investments..... | — | — | — | — |
| Assumption of debt..... | — | — | — | — |
| Total noncash capital, investing, and financing activities..... | \$ — | \$ — | \$ — | \$ — |

| <u>Tuition Prepayment Program</u> | <u>The Citadel Trust, Inc.</u> | <u>Pharmaceutical Education and Development Foundation</u> | <u>Medical University Hospital Authority</u> | <u>Medical University Facilities Corporation</u> | <u>University of South Carolina Trust</u> | <u>University Medical Associates</u> | <u>Other Enterprise</u> | <u>Totals</u> |
|---|------------------------------------|--|--|--|---|--|-----------------------------|-------------------|
| \$ (5,843) | \$ 1,324 | \$ (267) | \$ 24,309 | \$ (31) | \$ (218) | \$ 37,656 | \$ 1,218 | \$ 46,420 |
| — | — | — | 17,365 | 21 | 911 | 2,779 | 458 | 21,858 |
| — | — | — | 37,468 | — | — | 21,603 | — | 59,071 |
| — | (514) | — | — | — | — | — | — | (514) |
| — | — | — | — | 1,919 | — | — | — | 1,919 |
| (5,607) | (918) | — | — | (1,909) | — | — | — | (8,442) |
| — | — | — | — | — | — | — | — | 131,786 |
| — | — | — | — | — | — | — | — | (110,105) |
| — | — | 100 | — | — | — | 5,451 | 3 | 5,576 |
| — | — | — | — | — | — | (367) | (255) | (622) |
| 1 | — | — | 332 | — | — | — | 571 | 905 |
| 129 | — | 200 | (40,902) | — | (1,384) | (20,914) | 1,323 | (61,522) |
| 3,044 | — | — | — | — | — | — | — | 3,044 |
| — | — | — | — | — | — | — | 55 | 51 |
| — | — | — | — | — | — | (8,243) | 84 | (8,159) |
| — | — | — | — | — | — | — | (2,112) | (2,087) |
| — | — | — | (335) | — | — | 600 | (20) | 51 |
| — | — | (71) | 4,598 | — | (651) | (2,158) | (3,385) | (1,594) |
| — | — | — | 3,144 | — | (47) | (454) | 7 | 2,696 |
| — | — | — | 363 | — | — | (28) | — | 359 |
| 26,270 | — | — | — | — | — | — | — | 26,270 |
| — | — | — | — | — | — | — | — | 7,660 |
| — | — | (710) | (3,080) | — | — | 1,658 | 9 | (2,132) |
| — | — | — | — | — | — | — | (3) | (676) |
| — | — | — | — | — | — | — | 41 | 41 |
| — | — | (623) | — | — | — | — | — | (623) |
| — | — | — | — | — | 22 | (878) | 47 | (806) |
| — | — | 1,272 | — | — | (198) | (3,149) | — | (2,075) |
| <u>\$ 17,994</u> | <u>\$ (108)</u> | <u>\$ (99)</u> | <u>\$ 43,262</u> | <u>\$ —</u> | <u>\$ (1,565)</u> | <u>\$ 33,556</u> | <u>\$ (1,959)</u> | <u>\$ 108,350</u> |
| \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 52 | \$ — | \$ 52 |
| — | 2,719 | — | — | — | (595) | 705 | — | 2,829 |
| — | — | — | — | — | — | (18) | — | (18) |
| <u>\$ —</u> | <u>\$ 2,719</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (595)</u> | <u>\$ 739</u> | <u>\$ —</u> | <u>\$ 2,863</u> |

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS

June 30, 2003

(Expressed in Thousands)

| | <u>Insurance Reserve</u> | <u>Employee Insurance Programs</u> | <u>State Accident Fund</u> | <u>General Services</u> | <u>Central Supplies and Equipment</u> |
|---|------------------------------|--|------------------------------------|-----------------------------|---|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents..... | \$ 83,698 | \$ 60,784 | \$ 14,764 | \$ 32,415 | \$ 854 |
| Invested securities lending collateral..... | 53,975 | 14,031 | 2,869 | 1,037 | — |
| Receivables, net: | | | | | |
| Accounts | 11,568 | 3,481 | 59,472 | 219 | — |
| Accrued interest..... | 3,170 | 335 | 210 | 83 | — |
| Due from other funds..... | 1,788 | 28,223 | 891 | 9,260 | 557 |
| Due from component units..... | — | — | — | 1 | — |
| Inventories..... | — | — | — | 1,188 | 1,630 |
| Other current assets..... | 11,118 | — | 278 | — | — |
| Total current assets..... | <u>165,317</u> | <u>106,854</u> | <u>78,484</u> | <u>44,203</u> | <u>3,041</u> |
| Long-term assets: | | | | | |
| Investments..... | 191,082 | 22,537 | 943 | — | — |
| Accounts receivable, net..... | — | — | 165 | — | — |
| Interfund receivables..... | 22,436 | — | — | 22,356 | — |
| Other long-term assets..... | — | — | 9 | — | — |
| Deferred charges..... | — | — | — | 173 | — |
| Capital assets: | | | | | |
| Land and improvements..... | — | — | — | 6,914 | — |
| Buildings and improvements..... | — | — | — | 179,419 | — |
| Construction in progress..... | — | — | — | 30 | — |
| Vehicles..... | — | — | — | 1,610 | 30 |
| Machinery and equipment..... | 363 | 250 | 851 | 48,870 | 8 |
| Intangible assets..... | — | — | 8,152 | 891 | — |
| Less: accumulated depreciation..... | (240) | (175) | (6,509) | (104,606) | (10) |
| Total capital assets, net..... | <u>123</u> | <u>75</u> | <u>2,494</u> | <u>133,128</u> | <u>28</u> |
| Total long-term assets..... | <u>213,641</u> | <u>22,612</u> | <u>3,611</u> | <u>155,657</u> | <u>28</u> |
| Total assets..... | <u>378,958</u> | <u>129,466</u> | <u>82,095</u> | <u>199,860</u> | <u>3,069</u> |

| <u>Motor Pool</u> | <u>Pension Adminis- tration</u> | <u>Prison Industries</u> | <u>Governor's School for the Arts Foundation, Inc.</u> | <u>Other Internal Service</u> | <u>Totals</u> |
|-----------------------|---|------------------------------|--|---------------------------------------|----------------|
| \$ 9,166 | \$ 891 | \$ 2,669 | \$ 1,476 | \$ 236 | \$ 206,953 |
| — | 199 | — | — | — | 72,111 |
| 325 | — | 1,806 | 401 | 1 | 77,273 |
| — | 31 | — | — | — | 3,829 |
| 2,327 | 110 | 494 | — | 54 | 43,704 |
| — | — | — | — | — | 1 |
| 14 | — | 3,928 | — | — | 6,760 |
| — | — | — | — | — | 11,396 |
| <u>11,832</u> | <u>1,231</u> | <u>8,897</u> | <u>1,877</u> | <u>291</u> | <u>422,027</u> |
| — | — | — | 353 | — | 214,915 |
| — | — | — | — | — | 165 |
| 500 | — | — | — | — | 45,292 |
| — | — | — | — | — | 9 |
| — | — | — | — | — | 173 |
| 928 | — | — | — | — | 7,842 |
| 527 | — | 5,703 | — | — | 185,649 |
| — | — | 68 | — | — | 98 |
| 34,958 | — | 1,180 | — | — | 37,778 |
| 31 | 2,531 | 6,497 | — | — | 59,401 |
| — | 343 | — | — | — | 9,386 |
| (24,876) | (1,772) | (6,546) | — | — | (144,734) |
| <u>11,568</u> | <u>1,102</u> | <u>6,902</u> | <u>—</u> | <u>—</u> | <u>155,420</u> |
| <u>12,068</u> | <u>1,102</u> | <u>6,902</u> | <u>353</u> | <u>—</u> | <u>415,974</u> |
| <u>23,900</u> | <u>2,333</u> | <u>15,799</u> | <u>2,230</u> | <u>291</u> | <u>838,001</u> |

Continued on Next Page

Combining Statement of Net Assets

INTERNAL SERVICE FUNDS (Continued)

June 30, 2003

(Expressed in Thousands)

| | Insurance Reserve | Employee Insurance Programs | State Accident Fund | General Services | Central Supplies and Equipment |
|--|----------------------|-----------------------------------|---------------------------|---------------------|---|
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable..... | \$ 413 | \$ 99 | \$ 1,164 | \$ 4,104 | \$ 441 |
| Accrued salaries and related expenses..... | 226 | 302 | 308 | 1,461 | — |
| Accrued interest payable..... | — | — | — | 935 | — |
| Retainages payable..... | — | — | — | 139 | — |
| Policy claims..... | 206,884 | 188,153 | 39,249 | — | — |
| Due to other funds..... | 9 | 140 | 7 | 1,207 | 23 |
| Deferred revenues..... | 29,097 | 6,290 | 62,139 | — | — |
| Securities lending collateral..... | 53,975 | 14,031 | 2,870 | 1,036 | — |
| Notes payable..... | — | — | — | 108 | — |
| Revenue bonds payable..... | — | — | — | 1,140 | — |
| Limited obligation bonds payable..... | — | — | — | 3,755 | — |
| Capital leases payable..... | — | — | — | 419 | — |
| Compensated absences payable..... | 48 | 35 | 255 | 1,984 | — |
| Other current liabilities..... | — | — | 2,615 | — | — |
| Total current liabilities..... | 290,652 | 209,050 | 108,607 | 16,288 | 464 |
| Long-term liabilities: | | | | | |
| Policy claims..... | — | — | 37,600 | — | — |
| Interfund payables..... | — | — | — | 6,531 | 700 |
| Notes payable..... | — | — | — | 113 | — |
| Revenue bonds payable..... | — | — | — | 24,894 | — |
| Limited obligation bonds payable..... | — | — | — | 23,285 | — |
| Capital leases payable..... | — | — | — | 1,678 | — |
| Compensated absences payable..... | 212 | 331 | 82 | 850 | — |
| Total long-term liabilities..... | 212 | 331 | 37,682 | 57,351 | 700 |
| Total liabilities..... | 290,864 | 209,381 | 146,289 | 73,639 | 1,164 |
| NET ASSETS (DEFICITS) | | | | | |
| Invested in capital assets, net of related debt..... | 122 | 75 | 2,495 | 103,990 | 28 |
| Restricted: | | | | | |
| Expendable: | | | | | |
| Loan programs..... | 20,000 | — | — | — | — |
| Insurance programs..... | 67,972 | — | — | — | — |
| Nonexpendable: | | | | | |
| Education..... | — | — | — | — | — |
| Unrestricted..... | — | (79,990) | (66,689) | 22,231 | 1,877 |
| Total net assets (deficits)..... | \$ 88,094 | \$ (79,915) | \$ (64,194) | \$ 126,221 | \$ 1,905 |

| <u>Motor Pool</u> | <u>Pension Adminis- tration</u> | <u>Prison Industries</u> | <u>Governor's School for the Arts Foundation, Inc.</u> | <u>Other Internal Service</u> | <u>Totals</u> |
|-----------------------|---|------------------------------|--|---------------------------------------|-------------------|
| \$ 905 | \$ 234 | \$ 513 | \$ — | \$ — | \$ 7,873 |
| 81 | 505 | 566 | — | 17 | 3,466 |
| — | — | — | — | — | 935 |
| — | — | — | — | — | 139 |
| — | — | — | — | — | 434,286 |
| 77 | 355 | 272 | — | 8 | 2,098 |
| — | — | — | — | — | 97,526 |
| — | 199 | — | — | — | 72,111 |
| — | — | — | — | — | 108 |
| — | — | — | — | — | 1,140 |
| — | — | — | — | — | 3,755 |
| — | — | 131 | — | — | 550 |
| 92 | 658 | 406 | — | 20 | 3,498 |
| — | — | — | — | — | 2,615 |
| <u>1,155</u> | <u>1,951</u> | <u>1,888</u> | <u>—</u> | <u>45</u> | <u>630,100</u> |
| — | — | — | — | — | 37,600 |
| — | — | — | — | — | 7,231 |
| — | — | — | — | — | 113 |
| — | — | — | — | — | 24,894 |
| — | — | — | — | — | 23,285 |
| — | — | 714 | — | — | 2,392 |
| 39 | 282 | 174 | — | 9 | 1,979 |
| 39 | 282 | 888 | — | 9 | 97,494 |
| <u>1,194</u> | <u>2,233</u> | <u>2,776</u> | <u>—</u> | <u>54</u> | <u>727,594</u> |
| 11,568 | 1,101 | 6,058 | — | — | 125,437 |
| — | — | — | — | — | 20,000 |
| — | — | — | — | — | 67,972 |
| — | — | — | 353 | — | 353 |
| 11,138 | (1,001) | 6,965 | 1,877 | 237 | (103,355) |
| <u>\$ 22,706</u> | <u>\$ 100</u> | <u>\$ 13,023</u> | <u>\$ 2,230</u> | <u>\$ 237</u> | <u>\$ 110,407</u> |

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2003
(Expressed in Thousands)

| | Insurance Reserve | Employee Insurance Programs | State Accident Fund | General Services | Central Supplies and Equipment |
|---|----------------------|-----------------------------------|---------------------------|---------------------|---|
| Operating revenues: | | | | | |
| Charges for services..... | \$ 43,146 | \$ 1,166,679 | \$ 55,599 | \$ 81,542 | \$ 8,908 |
| Contributions..... | — | — | — | — | — |
| Interest and other investment income..... | — | — | — | — | — |
| Other operating revenues..... | — | 11,833 | — | — | — |
| Total operating revenues..... | 43,146 | 1,178,512 | 55,599 | 81,542 | 8,908 |
| Operating expenses: | | | | | |
| General operations and administration..... | 51,813 | 117,710 | 5,198 | 72,114 | 8,921 |
| Benefits and claims..... | 54,775 | 1,075,098 | 60,808 | — | — |
| Depreciation and amortization..... | 47 | 15 | 1,756 | 6,444 | 5 |
| Other operating expenses..... | — | — | 3,015 | 454 | — |
| Total operating expenses..... | 106,635 | 1,192,823 | 70,777 | 79,012 | 8,926 |
| Operating income (loss)..... | (63,489) | (14,311) | (15,178) | 2,530 | (18) |
| Nonoperating revenues (expenses): | | | | | |
| Interest income..... | 17,842 | 7,311 | 1,121 | 385 | — |
| Interest expense..... | — | — | — | (2,174) | — |
| Other nonoperating revenues (expenses)..... | 1 | — | 70 | 109 | — |
| Total nonoperating revenues (expenses)..... | 17,843 | 7,311 | 1,191 | (1,680) | — |
| Income (loss) before other revenues and transfers..... | (45,646) | (7,000) | (13,987) | 850 | (18) |
| Capital contributions..... | — | — | — | 157 | — |
| Transfers in..... | — | 3,197 | — | 3,786 | — |
| Transfers out..... | (23,574) | (6,497) | (1,808) | (4,816) | — |
| Change in net assets..... | (69,220) | (10,300) | (15,795) | (23) | (18) |
| Net assets (deficits) at beginning of year..... | 157,314 | (69,615) | (48,399) | 126,244 | 1,923 |
| Net assets (deficits) at end of year..... | \$ 88,094 | \$ (79,915) | \$ (64,194) | \$ 126,221 | \$ 1,905 |

| Motor Pool | Pension Adminis- tration | Prison Industries | Governor's School for the Arts Foundation, Inc. | Other Internal Service | Totals |
|-----------------------|---|------------------------------|--|---------------------------------------|-------------------|
| \$ 16,373 | \$ 15,581 | \$ 19,090 | \$ — | \$ 386 | \$ 1,407,304 |
| — | — | — | 777 | — | 777 |
| — | — | — | 49 | — | 49 |
| — | — | — | 24 | — | 11,857 |
| 16,373 | 15,581 | 19,090 | 850 | 386 | 1,419,987 |
| 8,204 | 15,031 | 18,240 | 804 | 439 | 298,474 |
| — | 42 | — | — | — | 1,190,723 |
| 5,057 | 329 | 515 | — | — | 14,168 |
| 2 | 77 | 3 | — | — | 3,551 |
| 13,263 | 15,479 | 18,758 | 804 | 439 | 1,506,916 |
| 3,110 | 102 | 332 | 46 | (53) | (86,929) |
| — | 138 | — | — | — | 26,797 |
| — | — | — | — | — | (2,174) |
| 371 | (8) | (383) | — | — | 160 |
| 371 | 130 | (383) | — | — | 24,783 |
| 3,481 | 232 | (51) | 46 | (53) | (62,146) |
| 30 | — | 72 | — | — | 259 |
| 570 | 1 | — | — | — | 7,554 |
| (3,889) | — | — | — | (639) | (41,223) |
| 192 | 233 | 21 | 46 | (692) | (95,556) |
| 22,514 | (133) | 13,002 | 2,184 | 929 | 205,963 |
| \$ 22,706 | \$ 100 | \$ 13,023 | \$ 2,230 | \$ 237 | \$ 110,407 |

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

| | Insurance Reserve | Employee Insurance Programs | State Accident Fund | General Services |
|--|----------------------|-----------------------------------|---------------------------|---------------------|
| Cash flows from operating activities: | | | | |
| Receipts from customers..... | \$ 3,379 | \$ 910,940 | \$ 14,909 | \$ — |
| Internal activity—payments from other funds..... | 32,208 | 252,751 | 52,299 | 81,890 |
| Other operating cash receipts..... | 637 | 10,050 | — | — |
| Claims paid..... | (41,560) | (1,070,762) | (56,935) | — |
| Payments to suppliers for goods and services..... | (39,934) | (86,428) | (3,621) | (45,119) |
| Payments to employees..... | (2,816) | (2,966) | (3,870) | (26,226) |
| Internal activity—payments to other funds..... | (782) | — | (10,577) | (732) |
| Other operating cash payments..... | — | — | (35) | — |
| Net cash provided by (used in) operating activities..... | (48,868) | 13,585 | (7,830) | 9,813 |
| Cash flows from noncapital financing activities: | | | | |
| Principal payments received from other funds..... | 959 | — | — | — |
| Receipt of interest from other funds..... | 1,412 | — | — | — |
| Loans made to other funds..... | (1,339) | — | — | (22,357) |
| Proceeds from sale of revenue bonds..... | — | — | — | 26,164 |
| Transfers in..... | — | 3,197 | — | 3,786 |
| Transfers out..... | (23,574) | (6,497) | (1,808) | (4,816) |
| Net cash provided by (used in) noncapital financing activities..... | (22,542) | (3,300) | (1,808) | 2,777 |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets..... | (24) | (28) | (17) | (4,208) |
| Principal payments on notes payable..... | — | — | — | (2,919) |
| Principal payments on limited obligation bonds..... | — | — | — | (3,575) |
| Principal paid on capital debt and lease..... | — | — | — | (119) |
| Interest payments on capital debt..... | — | — | — | (2,174) |
| Proceeds from sale or disposal of capital assets..... | — | — | — | — |
| Net cash used in capital and related financing activities..... | (24) | (28) | (17) | (12,995) |
| Cash flows from investing activities: | | | | |
| Proceeds from sales and maturities of investments..... | 148,804 | 3,262 | — | — |
| Purchase of investments..... | (103,620) | (3,244) | — | — |
| Interest on investments..... | 14,163 | 6,061 | 1,180 | 385 |
| Net cash provided by (used in) investing activities..... | 59,347 | 6,079 | 1,180 | 385 |
| Net increase (decrease) in cash and cash equivalents..... | (12,087) | 16,336 | (8,475) | (20) |
| Cash and cash equivalents at beginning of year | 95,785 | 44,448 | 23,239 | 32,435 |
| Cash and cash equivalents at end of year..... | \$ 83,698 | \$ 60,784 | \$ 14,764 | \$ 32,415 |

| Central Supplies and Equipment | Motor Pool | Pension Adminis- tration | Prison Industries | Governor's School for the Arts Foundation, Inc. | Other Internal Service | Totals |
|---|-----------------|--------------------------------|----------------------|--|------------------------------|-------------------|
| \$ — | \$ — | \$ — | \$ 19,089 | \$ 1,220 | \$ 385 | \$ 949,922 |
| 8,908 | 15,662 | 15,879 | — | — | — | 459,597 |
| — | — | 1 | 714 | — | 1 | 11,403 |
| — | — | — | — | — | — | (1,169,257) |
| (8,711) | (6,460) | (5,326) | (8,320) | (302) | (224) | (204,445) |
| — | (1,526) | (8,775) | (9,922) | (502) | (251) | (56,854) |
| — | (334) | (2,153) | (19) | — | (5) | (14,602) |
| — | — | — | (1,000) | — | — | (1,035) |
| 197 | 7,342 | (374) | 542 | 416 | (94) | (25,271) |
| — | — | — | — | — | — | 959 |
| — | — | — | — | — | — | 1,412 |
| — | — | — | — | — | — | (23,696) |
| — | — | — | — | — | — | 26,164 |
| — | 570 | 1 | — | — | — | 7,554 |
| — | (3,889) | — | — | — | (639) | (41,223) |
| — | (3,319) | 1 | — | — | (639) | (28,830) |
| (12) | (4,673) | (230) | (329) | — | — | (9,521) |
| — | — | — | — | — | — | (2,919) |
| — | — | — | — | — | — | (3,575) |
| — | — | — | (130) | — | — | (249) |
| — | — | — | — | — | — | (2,174) |
| — | 242 | — | — | — | — | 242 |
| (12) | (4,431) | (230) | (459) | — | — | (18,196) |
| — | — | — | — | — | — | 152,066 |
| — | — | — | — | (187) | — | (107,051) |
| — | — | 138 | — | — | — | 21,927 |
| — | — | 138 | — | (187) | — | 66,942 |
| 185 | (408) | (465) | 83 | 229 | (733) | (5,355) |
| 669 | 9,574 | 1,356 | 2,586 | 1,247 | 969 | 212,308 |
| \$ 854 | \$ 9,166 | \$ 891 | \$ 2,669 | \$ 1,476 | \$ 236 | \$ 206,953 |

Continued on Next Page

Combining Statement of Cash Flows

INTERNAL SERVICE FUNDS (Continued)

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

| | Insurance Reserve | Employee Insurance Programs | State Accident Fund | General Services |
|--|----------------------|-----------------------------------|---------------------------|---------------------|
| Reconciliation of operating income(loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss)..... | \$ (63,489) | \$ (14,311) | \$ (15,178) | \$ 2,530 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 47 | 15 | 1,756 | 6,444 |
| Other nonoperating revenues..... | — | — | — | — |
| Other nonoperating expenses..... | — | — | — | — |
| Other..... | — | (1) | 17 | 64 |
| Change in assets—decreases (increases): | | | | |
| Accounts receivable, net..... | (8,502) | (2,011) | (14,501) | 332 |
| Accrued interest..... | — | — | — | (83) |
| Due from other funds | — | (6,986) | — | (1,182) |
| Inventories..... | — | — | — | 64 |
| Other assets..... | (676) | — | (34) | — |
| Change in liabilities—increases (decreases): | | | | |
| Accounts payable..... | (434) | (396) | (4,840) | (1,438) |
| Accrued salaries and related expenses..... | — | — | — | 1,461 |
| Accrued interest payable..... | — | — | — | 935 |
| Retainages payable..... | — | — | — | (4) |
| Policy claims..... | 21,881 | 33,084 | 8,527 | — |
| Due to other funds..... | — | — | — | 531 |
| Deferred revenues | 2,303 | 4,225 | 16,410 | — |
| Compensated absences payable..... | 2 | (34) | 13 | 178 |
| Other liabilities..... | — | — | — | (19) |
| Net cash provided by (used in) operating activities..... | \$ (48,868) | \$ 13,585 | \$ (7,830) | \$ 9,813 |
| Noncash capital, investing, and financing activities: | | | | |
| Increase (decrease) in fair value of investments..... | \$ (4,456) | \$ 1,311 | \$ — | \$ — |
| Long-term debt forgiven..... | — | — | — | 673 |
| Total noncash capital, investing, and financing activities..... | \$ (4,456) | \$ 1,311 | \$ — | \$ 673 |

| Central Supplies and Equipment | Motor Pool | Pension Adminis- tration | Prison Industries | Governor's School for the Arts Foundation, Inc. | Other Internal Service | Totals |
|---|-----------------|--------------------------------|----------------------|--|------------------------------|--------------------|
| \$ (18) | \$ 3,110 | \$ 102 | \$ 332 | \$ 46 | \$ (53) | \$ (86,929) |
| 5 | 5,057 | 329 | 515 | — | — | 14,168 |
| — | — | — | 714 | — | — | 714 |
| — | — | — | (1,000) | — | — | (1,000) |
| 1 | 6 | (1) | — | (1) | 1 | 86 |
| — | (41) | 332 | 151 | 371 | (1) | (23,870) |
| — | (675) | — | — | — | (40) | (798) |
| 331 | (3) | (110) | 8 | — | — | (7,942) |
| 7 | — | — | (208) | — | — | (137) |
| — | — | — | — | — | — | (710) |
| (142) | (151) | (1,611) | (265) | — | (18) | (9,295) |
| — | — | 505 | 566 | — | 17 | 2,549 |
| — | — | (31) | — | — | — | 904 |
| — | 36 | — | 1 | — | — | 33 |
| — | — | — | — | — | — | 63,492 |
| 13 | — | 23 | (287) | — | (6) | 274 |
| — | — | — | — | — | — | 22,938 |
| — | 4 | 89 | 15 | — | 6 | 273 |
| — | (1) | (1) | — | — | — | (21) |
| <u>\$ 197</u> | <u>\$ 7,342</u> | <u>\$ (374)</u> | <u>\$ 542</u> | <u>\$ 416</u> | <u>\$ (94)</u> | <u>\$ (25,271)</u> |
| \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ (3,145) |
| — | — | — | — | — | — | 673 |
| <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (2,472)</u> |

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Note 1b in the notes to the financial statements provides definitions of each of these fund types.

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's fiduciary funds:

- Combining Statement of Plan Net Assets—Pension Trust Funds
- Combining Statement of Changes in Plan Net Assets—Pension Trust Funds
- Combining Statement of Fiduciary Net Assets—Private-Purpose Trust Funds
- Combining Statement of Changes in Fiduciary Net Assets—Private-Purpose Trust Funds
- Combining Statement of Fiduciary Net Assets—Agency Funds
- Combining Statement of Changes in Assets and Liabilities—Agency Funds

The State maintains only one investment trust fund, so no combining statements are necessary for that fund type. The paragraphs below describe all other individual fiduciary funds that the State uses.

a. Pension Trust Funds

South Carolina Retirement System. This is a multiple-employer pension system that benefits employees of the State, public schools, and political subdivisions of the State.

Police Officers' Retirement System. This is a multiple-employer pension system that benefits police officers and fire fighters employed by the State or its political subdivisions.

General Assembly Retirement System. This is a single-employer pension system that benefits members of the South Carolina General Assembly.

Judges' and Solicitors' Retirement System. This is a single-employer pension system that benefits the judges of the State's Supreme Court, Court of Appeals, circuit courts, family courts, and the State's circuit solicitors.

National Guard Pension System. The State administers this single-employer pension system that provides a supplemental retirement benefit to members of the South Carolina National Guard. The State is a nonemployer contributor to the system.

b. Private-Purpose Trust Funds

College Savings Plan Fund. The Future Scholar 529 College Savings Plan (the Plan), accounted for in this fund, provides participant families a tax-advantaged method of saving for future college costs. A primary objective of both the financial advisor program and the direct program within the Plan is to provide families with flexibility and professional investment management in meeting their college savings objectives.

Other Private-Purpose Trust Funds. This fund accounts for monies the State has received as trustee under various trust arrangements that specify how the principal and interest earnings must be used. In each case, all of the principal and income benefit individuals, private organizations, or governments outside the State reporting entity; none of the monies may be used for State purposes. The purposes to which the resources of these funds are dedicated include scholarships, the operation of the equestrian center and activities at the Springdale Race Course (for the exclusive benefit of the Carolina Cup Racing Association, Inc., a private nonprofit corporation), and the decommissioning of a low-level radioactive waste disposal facility on behalf of Chem-Nuclear Systems, Inc., a for-profit corporation.

c. Agency Funds

Insurance Company Deposits Fund. This fund accounts for deposits which are required to be made by insurance companies in lieu of surety bonds.

Payroll Clearing Fund. This fund accounts for employee deductions and contributions for the short period of time between the issuance of payroll checks and payment to the proper recipient.

Other Agency Funds. Balances in these funds, aggregated for presentation purposes, represent amounts held for prisoners and patients of State institutions, cash bonds, miscellaneous clearing accounts, and other deposits.

Combining Statement of Plan Net Assets

PENSION TRUST FUNDS

June 30, 2003

(Expressed in Thousands)

| | South Carolina Retirement System | Police Officers' Retirement System | General Assembly Retirement System | Judges' and Solicitors' Retirement System | National Guard Pension System | Totals |
|---|---|---|---|---|--|-------------------|
| ASSETS | | | | | | |
| Cash and cash equivalents..... | \$ 2,422,406 | \$ 427,306 | \$ 3,043 | \$ 12,386 | \$ 11,332 | \$ 2,876,473 |
| Receivables: | | | | | | |
| Contributions..... | 107,547 | 12,692 | 52 | 324 | — | 120,615 |
| Employer long-term..... | 1,550 | 17 | — | — | — | 1,567 |
| Accrued interest..... | 144,152 | 16,171 | 385 | 905 | 134 | 161,747 |
| Unsettled investment sales..... | 18,013 | 2,055 | 44 | 98 | — | 20,210 |
| Total receivables..... | 271,262 | 30,935 | 481 | 1,327 | 134 | 304,139 |
| Due from other funds..... | 2,936 | 836 | 4 | — | — | 3,776 |
| Investments, at fair value: | | | | | | |
| United States government securities..... | 1,994,697 | 196,796 | 4,016 | 3,179 | — | 2,198,688 |
| United States government agencies and government-insured securities..... | 1,580,521 | 196,529 | 3,768 | 11,956 | — | 1,792,774 |
| Corporate bonds..... | 4,611,780 | 525,793 | 11,908 | 29,470 | — | 5,178,951 |
| Financial and other..... | 2,336,091 | 254,640 | 4,225 | 9,646 | — | 2,604,602 |
| Equities..... | 7,034,108 | 833,168 | 16,130 | 36,023 | — | 7,919,429 |
| Total investments..... | 17,557,197 | 2,006,926 | 40,047 | 90,274 | — | 19,694,444 |
| Invested securities lending collateral..... | 3,535,984 | 352,687 | 8,633 | 15,589 | 1,000 | 3,913,893 |
| Capital assets, net..... | 3,651 | 373 | 11 | 17 | — | 4,052 |
| Other assets..... | 528 | 64 | 1 | 3 | — | 596 |
| Total assets..... | 23,793,964 | 2,819,127 | 52,220 | 119,596 | 12,466 | 26,797,373 |
| LIABILITIES | | | | | | |
| Accounts payable..... | 3,717 | 453 | 8 | 20 | — | 4,198 |
| Accounts payable—unsettled investment purchases..... | 27,600 | 3,268 | 62 | 140 | — | 31,070 |
| Due to other funds..... | 27,826 | 906 | 11 | 22 | — | 28,765 |
| Deferred retirement benefits..... | 424,906 | — | — | — | — | 424,906 |
| Securities lending collateral..... | 3,535,984 | 352,687 | 8,633 | 15,589 | 1,000 | 3,913,893 |
| Other liabilities..... | 3,106 | 591 | 8 | — | — | 3,705 |
| Total liabilities..... | 4,023,139 | 357,905 | 8,722 | 15,771 | 1,000 | 4,406,537 |
| NET ASSETS | | | | | | |
| Held in trust for pension benefits.... | \$ 19,770,825 | \$ 2,461,222 | \$ 43,498 | \$ 103,825 | \$ 11,466 | \$ 22,390,836 |

Combining Statement of Changes in Plan Net Assets

PENSION TRUST FUNDS

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

| | South Carolina Retirement System | Police Officers' Retirement System | General Assembly Retirement System | Judges' and Solicitors' Retirement System | National Guard Pension System | Totals |
|--|---|---|---|---|--|----------------------|
| Additions: | | | | | | |
| Retirement contributions: | | | | | | |
| Employer..... | \$ 512,345 | \$ 86,563 | \$ 2,577 | \$ 6,014 | \$ 2,133 | \$ 609,632 |
| Employee..... | 408,325 | 55,641 | 612 | 1,131 | — | 465,709 |
| Total retirement contributions..... | 920,670 | 142,204 | 3,189 | 7,145 | 2,133 | 1,075,341 |
| Investment income..... | 1,662,778 | 184,350 | 4,006 | 8,821 | 925 | 1,860,880 |
| Investment expense..... | 16,776 | 1,988 | 37 | 80 | — | 18,881 |
| Net income from investing activities..... | 1,646,002 | 182,362 | 3,969 | 8,741 | 925 | 1,841,999 |
| Securities lending income..... | 58,898 | 6,733 | 165 | 241 | — | 66,037 |
| Securities lending expense..... | 42,119 | 4,918 | 129 | 187 | — | 47,353 |
| Net income from securities lending activities..... | 16,779 | 1,815 | 36 | 54 | — | 18,684 |
| Total net investment income..... | 1,662,781 | 184,177 | 4,005 | 8,795 | 925 | 1,860,683 |
| Transfers between pension trust funds..... | 34 | 1,461 | 7 | 78 | — | 1,580 |
| Transfers in..... | 2,688 | 82 | — | — | — | 2,770 |
| Total additions..... | 2,586,173 | 327,924 | 7,201 | 16,018 | 3,058 | 2,940,374 |
| Deductions: | | | | | | |
| Regular retirement benefits..... | 1,022,993 | 124,634 | 5,073 | 8,217 | 2,231 | 1,163,148 |
| Supplemental retirement benefits..... | 2,688 | 82 | — | — | — | 2,770 |
| Deferred retirement benefits..... | 240,667 | — | — | — | — | 240,667 |
| Refunds of retirement contributions | | | | | | |
| to members..... | 60,133 | 11,452 | 72 | — | — | 71,657 |
| Group life insurance claims..... | 14,759 | 1,594 | 5 | 8 | — | 16,366 |
| Accidental death benefits..... | — | 955 | — | — | — | 955 |
| Depreciation..... | 107 | 11 | — | 1 | — | 119 |
| Administrative expense..... | 12,815 | 1,561 | 29 | 66 | 27 | 14,498 |
| Transfers between pension trust funds..... | 1,525 | — | 55 | — | — | 1,580 |
| Total deductions..... | 1,355,687 | 140,289 | 5,234 | 8,292 | 2,258 | 1,511,760 |
| Change in net assets | 1,230,486 | 187,635 | 1,967 | 7,726 | 800 | 1,428,614 |
| Net assets at beginning of year..... | 18,540,339 | 2,273,587 | 41,531 | 96,099 | 10,666 | 20,962,222 |
| Net assets at end of year..... | \$ 19,770,825 | \$ 2,461,222 | \$ 43,498 | \$ 103,825 | \$ 11,466 | \$ 22,390,836 |

Combining Statement of Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

June 30, 2003

(Expressed in Thousands)

| | College Savings Plan | Other Private-Purpose Trust | Totals |
|---|-------------------------|-----------------------------------|----------------|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ — | \$ 30,569 | \$ 30,569 |
| Receivables, net: | | | |
| Accounts..... | — | 81 | 81 |
| Accrued interest..... | 63 | 313 | 376 |
| Unsettled investment sales..... | 792 | — | 792 |
| Investments..... | 145,205 | — | 145,205 |
| Invested securities lending collateral | — | 6,167 | 6,167 |
| Other assets..... | — | 4,482 | 4,482 |
| Total assets..... | 146,060 | 41,612 | 187,672 |
| LIABILITIES | | | |
| Accounts payable..... | 229 | 25 | 254 |
| Accounts payable—unsettled investment purchases..... | 693 | — | 693 |
| Securities lending collateral..... | — | 6,167 | 6,167 |
| Total liabilities..... | 922 | 6,192 | 7,114 |
| NET ASSETS | | | |
| Held in trust for other purposes..... | \$ 145,138 | \$ 35,420 | \$ 180,558 |

Combining Statement of Changes in Fiduciary Net Assets

PRIVATE-PURPOSE TRUST FUNDS

For the Fiscal Year Ended June 30, 2003
(Expressed in Thousands)

| | College Savings Plan | Other Private-Purpose Trust | Totals |
|--|-------------------------|-----------------------------------|-------------------|
| Additions: | | | |
| Licenses, fees, and permits..... | \$ — | \$ 276 | \$ 276 |
| Tuition plan deposits..... | 116,260 | — | 116,260 |
| Interest income..... | 8,175 | 2,031 | 10,206 |
| Transfers in..... | — | 597 | 597 |
| Total additions..... | 124,435 | 2,904 | 127,339 |
| Deductions: | | | |
| Administrative expense..... | 854 | 142 | 996 |
| Transfers out..... | — | 597 | 597 |
| Other expenses..... | — | 340 | 340 |
| Total deductions..... | 854 | 1,079 | 1,933 |
| Change in net assets..... | 123,581 | 1,825 | 125,406 |
| Net assets at beginning of year, restated | 21,557 | 33,595 | 55,152 |
| Net assets at end of year..... | \$ 145,138 | \$ 35,420 | \$ 180,558 |

Combining Statement of Assets and Liabilities

AGENCY FUNDS

June 30, 2003

(Expressed in Thousands)

| | Insurance Company Deposits | Payroll Clearing | Other Agency | Totals |
|--|----------------------------------|---------------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ — | \$ 10,849 | \$ 159,723 | \$ 170,572 |
| Receivables, net: | | | | |
| Accounts..... | — | 26 | 12,388 | 12,414 |
| Accrued interest..... | — | — | 1,215 | 1,215 |
| Taxes..... | — | — | 3,045 | 3,045 |
| Due from other funds..... | — | 47,420 | 10,282 | 57,702 |
| Investments..... | — | — | 14,444 | 14,444 |
| Securities held in lieu of surety bonds..... | 334,528 | — | 165 | 334,693 |
| Invested securities lending collateral | — | — | 25,748 | 25,748 |
| Total assets..... | \$ 334,528 | \$ 58,295 | \$ 227,010 | \$ 619,833 |
| LIABILITIES | | | | |
| Accounts payable..... | \$ — | \$ 10,939 | \$ 17,828 | \$ 28,767 |
| Tax refunds payable..... | — | — | 481 | 481 |
| Intergovernmental payables..... | — | — | 5,901 | 5,901 |
| Deposits..... | — | — | 744 | 744 |
| Amounts held in custody for others..... | 334,528 | 47,356 | 176,308 | 558,192 |
| Securities lending collateral..... | — | — | 25,748 | 25,748 |
| Total liabilities..... | \$ 334,528 | \$ 58,295 | \$ 227,010 | \$ 619,833 |

Combining Statement of Changes in Assets and Liabilities

AGENCY FUNDS

For the Fiscal Year Ended June 30, 2003
(Expressed in Thousands)

| | Balance July 1, 2002 | Additions | Deductions | Balance June 30, 2003 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| INSURANCE COMPANY DEPOSITS | | | | |
| Assets: | | | | |
| Cash and cash equivalents..... | \$ — | \$ 35,389 | \$ 35,389 | \$ — |
| Securities held in lieu of surety bonds..... | 369,918 | 113,251 | 148,641 | 334,528 |
| Total assets..... | \$ 369,918 | \$ 148,640 | \$ 184,030 | \$ 334,528 |
| Liabilities: | | | | |
| Amounts held in custody for others..... | \$ 369,918 | \$ 113,251 | \$ 148,641 | \$ 334,528 |
| Total liabilities..... | \$ 369,918 | \$ 113,251 | \$ 148,641 | \$ 334,528 |
| PAYROLL CLEARING | | | | |
| Assets: | | | | |
| Cash and cash equivalents..... | \$ 11,170 | \$ 1,051,137 | \$ 1,051,458 | \$ 10,849 |
| Accounts receivable..... | 25 | 26 | 25 | 26 |
| Due from other funds..... | 46,524 | 47,420 | 46,524 | 47,420 |
| Total assets..... | \$ 57,719 | \$ 1,098,583 | \$ 1,098,007 | \$ 58,295 |
| Liabilities: | | | | |
| Due to other funds..... | \$ 10,995 | \$ 10,811 | \$ 21,806 | \$ — |
| Accounts payable..... | 161 | 10,939 | 161 | 10,939 |
| Amounts held in custody for others..... | 46,563 | 888,944 | 888,151 | 47,356 |
| Total liabilities..... | \$ 57,719 | \$ 910,694 | \$ 910,118 | \$ 58,295 |

| | Balance July 1, 2002 | Additions | Deductions | Balance June 30, 2003 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| OTHER AGENCY | | | | |
| Assets: | | | | |
| Cash and cash equivalents..... | \$ 151,027 | \$ 1,892,328 | \$ 1,883,632 | \$ 159,723 |
| Accounts receivable..... | 9,510 | 34,350 | 31,472 | 12,388 |
| Accrued interest receivable..... | 1,194 | 1,215 | 1,194 | 1,215 |
| Taxes receivable..... | 3,137 | 3,045 | 3,137 | 3,045 |
| Due from other funds..... | 5,501 | 10,282 | 5,501 | 10,282 |
| Investments..... | 21,507 | — | 7,063 | 14,444 |
| Securities held in lieu of surety bonds..... | 165 | — | — | 165 |
| Invested securities lending collateral..... | 27,970 | 25,748 | 27,970 | 25,748 |
| Total assets..... | \$ 220,011 | \$ 1,966,968 | \$ 1,959,969 | \$ 227,010 |
| Liabilities: | | | | |
| Due to other funds..... | \$ 15 | \$ 192 | \$ 207 | \$ — |
| Accounts payable..... | 8,585 | 22,804 | 13,561 | 17,828 |
| Tax refunds payable..... | 44 | 481 | 44 | 481 |
| Intergovernmental payables..... | 3,075 | 5,901 | 3,075 | 5,901 |
| Deposits..... | 733 | 744 | 733 | 744 |
| Amounts held in custody for others..... | 179,589 | 1,477,742 | 1,481,023 | 176,308 |
| Securities lending collateral..... | 27,970 | 25,748 | 27,970 | 25,748 |
| Total liabilities..... | \$ 220,011 | \$ 1,533,612 | \$ 1,526,613 | \$ 227,010 |
| TOTALS--ALL AGENCY FUNDS | | | | |
| Assets: | | | | |
| Cash and cash equivalents..... | \$ 162,197 | \$ 2,978,854 | \$ 2,970,479 | \$ 170,572 |
| Accounts receivable..... | 9,535 | 34,376 | 31,497 | 12,414 |
| Accrued interest receivable..... | 1,194 | 1,215 | 1,194 | 1,215 |
| Taxes receivable..... | 3,137 | 3,045 | 3,137 | 3,045 |
| Due from other funds..... | 52,025 | 57,702 | 52,025 | 57,702 |
| Investments..... | 21,507 | — | 7,063 | 14,444 |
| Securities held in lieu of surety bonds..... | 370,083 | 113,251 | 148,641 | 334,693 |
| Invested securities lending collateral..... | 27,970 | 25,748 | 27,970 | 25,748 |
| Total assets..... | \$ 647,648 | \$ 3,214,191 | \$ 3,242,006 | \$ 619,833 |
| Liabilities: | | | | |
| Due to other funds..... | \$ 11,010 | \$ 11,003 | \$ 22,013 | \$ — |
| Accounts payable..... | 8,746 | 33,743 | 13,722 | 28,767 |
| Tax refunds payable..... | 44 | 481 | 44 | 481 |
| Intergovernmental payables..... | 3,075 | 5,901 | 3,075 | 5,901 |
| Deposits..... | 733 | 744 | 733 | 744 |
| Amounts held in custody for others..... | 596,070 | 2,479,937 | 2,517,815 | 558,192 |
| Securities lending collateral..... | 27,970 | 25,748 | 27,970 | 25,748 |
| Total liabilities..... | \$ 647,648 | \$ 2,557,557 | \$ 2,585,372 | \$ 619,833 |

Discretely Presented Component Units

Note 1a in the notes to the financial statements explains the relationship of component units to the primary government and the differences between blended component units and discretely presented component units. Note 1b in the notes to the financial statements explains that the State has designated four of its discretely presented component units as major component units. Government-wide financial statements for each of the four major component unit are included in the basic financial statements (immediately preceding the notes to the financial statements).

This subsection of the Comprehensive Annual Financial Report provides the following supplementary information for the State's nonmajor discretely presented component units:

- Combining Statement of Net Assets—Nonmajor Discretely Presented Component Units
- Combining Statement of Activities—Nonmajor Discretely Presented Component Units
- Balance Sheet—First Steps to School Readiness Board of Trustees
- Statement of Revenues, Expenditures, and Changes in Fund Balances—First Steps to School Readiness Board of Trustees

a. Nonmajor Discretely Presented Component Units

The paragraphs below describe the State's nonmajor discretely presented component units:

The South Carolina Medical Malpractice Liability Joint Underwriting Association (the Association) was established to provide medical malpractice insurance on a self supporting basis. The financial

information presented in the accompanying supplemental information is for the Association's fiscal year ended December 31, 2002.

The South Carolina First Steps to School Readiness Board of Trustees (First Steps) was established in 1999 as a non-profit, tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The corporation was created specifically to carry out the objectives of The South Carolina First Steps to School Readiness Act and to lessen the burdens on government by overseeing the South Carolina First Steps to School Readiness initiative for improving early childhood development.

The Children's Trust Fund of South Carolina, Inc. (the Fund), is a non-profit, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Fund's purpose is to stimulate innovative prevention and treatment programming to meet critical needs of South Carolina's children by awarding grants to private non-profit organizations. The financial information presented in the accompanying supplemental information is for the Fund's fiscal year ended December 31, 2002.

The Savannah Lakes Regional Loan Fund was established in 1990. It maintains a revolving loan fund to promote economic development in the State's Savannah Lakes Region.

b. First Steps to School Readiness Board of Trustees (First Steps)

The State presents fund financial statements for First Steps, a nonmajor discretely presented component unit, because that organization does not issue separately audited financial statements of its own. First Steps uses accounting principles that apply to special revenue funds. As such, it uses the current financial resources measurement focus and the modified accrual basis of accounting.

Combining Statement of Net Assets

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

June 30, 2003

(Expressed in Thousands)

| | Medical Malpractice Joint Underwriting Association | First Steps to School Readiness Board of Trustees | Children's Trust Fund of S.C., Inc. | Savannah Lakes Regional Loan Fund | Totals |
|---|--|---|---|--|---------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents..... | \$ 13,695 | \$ 1,700 | \$ 201 | \$ 378 | \$ 15,974 |
| Investments..... | — | — | 545 | 140 | 685 |
| Invested securities lending collateral..... | — | 159 | — | — | 159 |
| Receivables, net: | | | | | |
| Accounts..... | 88 | — | — | — | 88 |
| Contributions..... | — | — | 1 | — | 1 |
| Accrued interest..... | 296 | 59 | — | — | 355 |
| Due from primary government..... | — | 3 | — | — | 3 |
| Other current assets..... | 13 | — | — | — | 13 |
| Total current assets..... | 14,092 | 1,921 | 747 | 518 | 17,278 |
| Long-term assets: | | | | | |
| Investments..... | 23,465 | — | 18 | — | 23,483 |
| Depreciable capital assets, net..... | — | 3 | — | — | 3 |
| Total long-term assets..... | 23,465 | 3 | 18 | — | 23,486 |
| Total assets..... | 37,557 | 1,924 | 765 | 518 | 40,764 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable..... | 146 | 34 | 28 | 5 | 213 |
| Accrued salaries and related expenses..... | — | 50 | — | — | 50 |
| Intergovernmental payables..... | — | 38 | — | — | 38 |
| Policy claims..... | 25,787 | — | — | — | 25,787 |
| Due to primary government..... | — | 4 | — | — | 4 |
| Deferred revenues and deferred credits..... | 17,433 | — | — | — | 17,433 |
| Deposits..... | 73 | — | — | — | 73 |
| Securities lending collateral..... | — | 159 | — | — | 159 |
| Compensated absences payable..... | — | 73 | — | — | 73 |
| Total current liabilities..... | 43,439 | 358 | 28 | 5 | 43,830 |
| Long-term liabilities: | | | | | |
| Policy claims..... | 116,789 | — | — | — | 116,789 |
| Compensated absences payable..... | — | 31 | — | — | 31 |
| Total long-term liabilities..... | 116,789 | 31 | — | — | 116,820 |
| Total liabilities..... | 160,228 | 389 | 28 | 5 | 160,650 |
| NET ASSETS (DEFICIT) | | | | | |
| Invested in capital assets, net of related debt.. | — | 3 | — | — | 3 |
| Restricted, expendable: | | | | | |
| Education..... | — | 1,532 | — | — | 1,532 |
| Other..... | 1,915 | — | 254 | — | 2,169 |
| Unrestricted..... | (124,586) | — | 483 | 513 | (123,590) |
| Total net assets (deficit)..... | \$ (122,671) | \$ 1,535 | \$ 737 | \$ 513 | \$ (119,886) |

Combining Statement of Activities

NONMAJOR DISCRETELY PRESENTED COMPONENT UNITS

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

| | | Program Revenues | | |
|---|------------------|----------------------|------------------------------------|-----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Net (Expense) Revenue |
| Medical Malpractice Joint Underwriting Association..... | \$ 34,371 | \$ 27,785 | \$ 1,808 | \$ (4,778) |
| First Steps to School Readiness Board of Trustees..... | 34,518 | — | 27,254 | (7,264) |
| Children's Trust Fund of S.C., Inc..... | 97 | — | (11) | (108) |
| Savannah Lakes Regional Loan Fund..... | 8 | — | 7 | (1) |
| Totals..... | \$ 68,994 | \$ 27,785 | \$ 29,058 | \$ (12,151) |

| Net Assets (Deficit) Beginning of Year (Restated) | Net Assets (Deficit) End of Year |
|--|--|
| \$ (117,893) | \$ (122,671) |
| 8,799 | 1,535 |
| 845 | 737 |
| 514 | 513 |
| <u>\$ (107,735)</u> | <u>\$ (119,886)</u> |

Balance Sheet

FIRST STEPS TO SCHOOL READINESS

BOARD OF TRUSTEES

June 30, 2003

(Expressed in Thousands)

ASSETS

| | | |
|---|-----------|--------------|
| Cash and cash equivalents..... | \$ | 1,700 |
| Invested securities lending collateral..... | | 159 |
| Accrued interest receivable..... | | 59 |
| Due from primary government..... | | 3 |
| Total assets..... | \$ | 1,921 |

LIABILITIES AND FUND BALANCE

Liabilities:

| | | |
|--|----|------------|
| Accounts and vouchers payable..... | \$ | 34 |
| Accrued salaries and related payroll expenses..... | | 50 |
| Intergovernmental payables..... | | 38 |
| Due to primary government..... | | 4 |
| Securities lending collateral..... | | 159 |
| Total liabilities..... | | 285 |

Fund Balance:

| | | |
|--|-----------|--------------|
| Unreserved, undesignated..... | | 1,636 |
| Total liabilities and fund balance..... | \$ | 1,921 |

Reconciliation of the First Steps Balance Sheet to the Combining Statement of Net Assets Nonmajor Discretely Presented Component Units

Total fund balance - First Steps..... **\$** **1,636**

Amounts reported for First Steps in the Combining Statement of
Net Assets are different because:

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the Balance
Sheet. These assets consist of:

| | | |
|----------------------------------|----|----------|
| Capital assets..... | \$ | 36 |
| Accumulated depreciation..... | | (33) |
| Total capital assets..... | | 3 |

Compensated absences payable are not due and payable
in the current period and therefore are not reported in the
Balance Sheet..... (104)

Net assets of First Steps..... **\$** **1,535**

Statement of Revenues, Expenditures, and Changes in Fund Balance

FIRST STEPS TO SCHOOL READINESS

BOARD OF TRUSTEES

For the Fiscal Year Ended June 30, 2003

(Expressed in Thousands)

Revenues:

| | |
|---|---------------|
| Interest and other investment income..... | \$ 452 |
| State operating grants and contracts..... | 25,540 |
| Contributions..... | 1,262 |
| Total revenues..... | 27,254 |

Expenditures:

| | |
|--------------------------------|---------------|
| Current: | |
| Education..... | 3,059 |
| Intergovernmental | 31,452 |
| Total expenditures..... | 34,511 |

| | |
|--|---------|
| Deficiency of revenues under expenditures..... | (7,257) |
|--|---------|

| | |
|--|-------|
| Fund balance at beginning of year..... | 8,893 |
|--|-------|

| | |
|----------------------------------|-----------------|
| Fund balance at end of year..... | <u>\$ 1,636</u> |
|----------------------------------|-----------------|

Reconciliation of the First Steps Statement of Revenues, Expenditures, and Changes in Fund Balance to the Combining Statement of Activities Nonmajor Discretely Presented Component Units

| | |
|---|------------|
| Net change in fund balance - First Steps..... | \$ (7,257) |
|---|------------|

Amounts reported for First Steps in the Combining Statement of
Activities are different because:

Capital outlays are reported as expenditures in the Balance Sheet.

However, in the Combining Statement of Activities the cost of
capital assets is allocated over their useful lives as depreciation
expense. In the current period this amount is:

| | |
|---------------------------|------|
| Depreciation expense..... | (25) |
|---------------------------|------|

Compensated absences expenses reported in the Combining Statement
of Activities do not require the use of current financial resources and
therefore are not reported as expenditures in the governmental fund.

| | |
|---|-----------|
| Decrease in compensated absences payable..... | <u>18</u> |
|---|-----------|

| | |
|--|-------------------|
| Change in net assets of First Steps..... | <u>\$ (7,264)</u> |
|--|-------------------|